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Japan

Reportage on Middle East Situation Continues

Effect of Oil Price Hikes Viewed

OW1508064790 Tokyo KYODO in English 0558 GMT 15 Aug 90

[Text] Tokyo, Aug. 15 KYODO—Japan's economic growth would slow to 3.5 percent in fiscal 1991 beginning April 1 if the current Gulf crisis caused crude oil prices to remain high at 25 dollars a barrel even after October, a private research institute said Wednesday.

Daiwa Institute of Research, a research arm of Daiwa Securities Co., said in a report assessing the impact of the crisis on Japan's economy that as circumstances now stand, the economy will still grow 4.7 percent in fiscal 1990, down just 0.1 percentage point from its July forecast.

These projections are based on what would happen if the price of oil rose to 25 dollars per barrel, utilities charges increased 2 percent, and the official discount rate was raised by 0.75 percentage point from the end of this year to early next year, it said.

An upsurge in oil and other energy prices would push up wholesale prices 2.1 percent in the current fiscal year ending next March 31, 0.4 percent higher than July's prediction. But this would have little effect on consumer prices because the impact of higher utility charges and of higher interest rates would not emerge until fiscal 1991, the institute said.

A rise to 25 dollars per barrel in the cost of oil would cut Japan's trade surplus by 5.2 billion dollars to 53.8 billion dollars in fiscal 1990, it said. The combined effect of such increases in oil prices, utilities rates, and interest rates would become more evident in fiscal 1991, and would likely take substantial steam out of the economy, the report said.

Wholesale prices would rise 2.0 percent, while consumer prices would increase by 3.0 percent under the assumed conditions, the report forecast.

Higher prices would dampen consumers' confidence, causing growth in personal consumption to slow to 3.7 percent, which in turn would lead to a slowdown in the growth rate of corporate spending on plants and equipment. As a result, the growth rate of Japan's gross national product (GNP) in fiscal 1991 would slow to 3.5 percent, compared with 4.0 percent currently predicted by the Economic Planning Agency (EPA), it concluded.

Oil Reserve Increase Cancelled

OW1608102290 Tokyo KYODO in English 0654 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The Agency of Natural Resources and energy will not go ahead with the planned increase in the government reserve of crude oil for fiscal 1990 in order to secure supply for the private sector, agency sources said Thursday. The agency had planned to start building up its oil reserve for the fiscal year in August as part of a long-term stockpile plan in which the state-held oil reserve was expected to grow to 50 million kiloliters by the mid-1990s from the current 33 million kiloliters.

Japan National Oil Corp. had ordered three million kiloliters of crude oil from Japanese oil companies for the year's addition to the reserve.

If the Mideast turmoil in the wake of Iraq's invasion of Kuwait settles down by the end of the fiscal year next March 31, the agency will go ahead with the plan, the sources said. But if tension remains in the Mideast and Organization of Petroleum Exporting Countries (OPEC) members fail to fill the losses stemming from the embargo on imports from Iraq and Kuwait, the agency might review the long-term oil stockpile plan, they said.

The agency usually starts buying crude oil for addition to the national reserve from around August, increasing the monthly purchase gradually toward the end of each fiscal year to minimize storage costs. Originally, the agency had planned to buy 400,000 kiloliters of crude oil in August and September.

Japanese Refused Passage on Flight

OW1608103790 Tokyo KYODO in English 0723 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—Japanese Ambassador to Iraq Kunio Katakura told Foreign Minister Taro Nakayama on Thursday that Japanese nationals were refused permission earlier in the day to fly from the Iraqi capital of Baghdad to Jordan's capital, Amman. Katakura told Nakayama of the incident in a phone call to the operations room set up at the Foreign Ministry to deal with the Middle East crisis.

He said when Japanese diplomats asked Iraqi transport officials if Japanese could board the plane, they were told that neither Japanese diplomats nor private individuals would be accommodated.

Asked by Nakayama about current feeling among Iraqis toward Japanese people, Katakura replied that Iraqi shopkeepers "will not even sell a potato" to Japanese nationals. He said ill-will against the Japanese appears to show that economic sanctions implemented by Japan are having an effect.

Most of the conversation was audible to reporters, but when Nakayama asked Katakura about the local reaction to the sudden advent of peace negotiations between Iraq and Iran, officials in the room quickly turned off the speaker from which the ambassador's voice emanated.

There were 230 Japanese people in Iraq as of August 15, Foreign Ministry officials said.

Iraqi Indecision on Japanese Noted

OW1608120690 Tokyo KYODO in English 1126 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—Japan expressed frustration Thursday at Iraq's failure to confirm whether it has banned all Japanese from leaving the country. Meanwhile, Japanese Ambassador to Iraq Kunio Katakura reported that Japanese nationals were barred Thursday from boarding an airplane in Baghdad bound for Amman, the capital of Jordan.

Deputy Chief Cabinet Secretary Nobuo Ishihara told reporters that Japan has been unable to determine via diplomatic channels whether Iraq is enforcing a policy announced Monday that no Japanese will be permitted to leave. Ishihara said, "The answers change depending on who we ask. Iraqi Foreign Ministry authorities may not have arrived at a common position."

Iraqi authorities told the Japanese Foreign Ministry on Monday that Japanese who are engaged in business contracts in Iraq will not be permitted to leave. The next day the ban was widened to cover all Japanese. Ishihara said from Wednesday Japanese diplomats were not allowed to depart.

A report from the Japanese ambassador to Iraq Thursday appeared to confirm that the ban was being enforced. In a telephone conversation with Foreign Minister Taro Nakayama, Katakura said that embassy officials were told by Iraqi transport officials that neither Japanese diplomats nor private individuals will be allowed on the airplane flying to Amman.

Katakura said that shopkeepers have begun to show resentment to Japan for implementing sanctions, and will "not even sell a potato" to Japanese nationals.

Ten Japanese who tried to cross over to Jordan on Wednesday were turned back, the first such case reported by the Foreign Ministry.

On Wednesday 230 Japanese remained in Iraq, and 278 were stranded in Kuwait, according to the Foreign Ministry.

Nakayama's Itinerary Outlined

OW1608133290 Tokyo KYODO in English 1227 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The Foreign Ministry on Thursday announced the official itinerary for Foreign Minister Taro Nakayama's August 17-24 visit to five countries in the highly volatile Middle East in place of Prime Minister Toshiki Kaifu.

Officials said Nakayama, who leaves Friday for Saudi Arabia, Oman, Jordan, Egypt, and Turkey, will be the highest-level official from a major country, with the exception of top U.S. officials who have visited Turkey and Saudi Arabia, to travel to the region since Iraq's August 2 invasion of Kuwait.

Following an overnight stopover in Thailand, Nakayama will arrive Saturday in Saudi Arabia, a key country in the regional crisis where multinational forces are now massing to deter an Iraqi invasion.

In talks with his Saudi counterpart Sa'ud al-Faysal in the capital city of Jedda, Nakayama is expected to explain Japan's stance on the regional situation.

In addition to pledging moral support for international efforts to preserve Saudi Arabia's territorial integrity, officials said Nakayama will sound his hosts out on what further steps Japan might take short of a direct military contribution, which is ruled out under Japan's peace Constitution.

Japan, which depends on overseas suppliers for almost all its oil, looks to the desert kingdom for some 16.5 percent of its petroleum imports, officials said. But Saudi Arabia has reportedly informed the Japanese Government it will cut its exports to Japan by 16 percent starting next month, smothering expectations it would boost its output to make up for the loss of Iraqi crude.

Officials said Nakayama may also pay a courtesy call on Saudi King Fahd, schedule permitting, to explain Prime Minister Toshiki Kaifu's reasons for postponing his Middle East tour until October.

On Sunday, Nakayama will fly to Salalah, a town in southern Oman, where he will meet with Omani Foreign Minister Yusuf Bin-al-Alawai Bin-'Abdallah and most likely pay a call on Oman's leader, Sultan Qabus Bin-Sa'id.

Oman, jutting into the strategic Strait of Hormuz, through which 60 percent of Japan's crude oil imports pass, is a key country for Japan because it is in a position to continue supplying oil if the strait becomes impassable.

Oman provides some 9 percent of Japan's petroleum. Japan, meanwhile, is Oman's largest customer, biggest source of imports, and a key provider of technical assistance needed for economic diversification. Oman currently chairs the Gulf Cooperation Council (GCC), a regional grouping of oil-rich states which also includes Bahrain, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates.

On Monday, Nakayama will fly to Jordan, an important buffer state between Iraq and Israel, for talks in Amman with Foreign Minister Marwin al-Qasim. Officials said they were not sure about the prospects of a meeting with King Husayn.

Along with Egypt and Turkey, Jordan is a focus of a Japanese plan to boost economic assistance to non-belligerent countries in the region whose economies are most affected by United Nations sanctions against Iraq.

Despite its close ties with Baghdad, Jordan has refused to recognize the Iraqi annexation of Kuwait. It has

expressed reservations about plans for an Arab force in Saudi Arabia as long as troops from outside the region remain in that country.

On Tuesday, Nakayama will hold talks in Cairo with Egyptian Foreign Minister 'Abd al-Majid. Officials hope to realize a courtesy call on President Husni Mubarak before Nakayama leaves Egypt on Wednesday.

On Wednesday, Nakayama will go on to Ankara, where he will hold talks with his Turkish counterpart, Ali Bozer. Nakayama may also call on President Turgut Ozal, officials said. Leaving Ankara for Tokyo on Thursday, Nakayama will stop over Friday night in Stockholm, Sweden, arriving back in Tokyo on Saturday.

Officials are considering the feasibility of arranging a meeting between Nakayama and Swedish Foreign Minister Kjell Magne Bondevik.

Saudi Oil Supply Moves Examined

OW1608152190 Tokyo KYODO in English 1208 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—Saudi Arabia is expected to supply the oil saved from a cutoff in oil supply to Japanese customers to Kuwait Petroluem Corp. [KPC], an oil company owned by the exiled amir of Kuwait, oil industry sources said Thursday.

As earlier reported, Saudi Arabia, the largest source of oil for Japan, has notified term-contract Japanese customers, or those importing oil under direct contracts, that it will reduce oil supply by 16 percent for September shipments.

The oil taken from the September shipments is expected to go to European refineries run by KPC, which has lost the source of oil supply since Iraq's invasion of Kuwait on August 2, the sources said.

"The exiled government of Kuwait is believed to have requested Saudi oil supply to keep KPC's business going on, because that is the main source of money for the exiled government," said an official at the Petroleum Association of Japan, a trade body for Japanese oil companies.

The official, who asked not to be named, and other industry sources said the Saudi action might be canceled if the Organization of Petroleum Exporting Countries agrees to boost oil output to make up for the 4 million barrels of oil per day lost from world markets in the wake of the international oil embargo against Iraq and Kuwait.

But Kohei Yamaguchi, managing director at Mitsubishi Oil Co., cautioned against pinning hopes on an increase in OPEC production, noting that there are only a handful of OPEC members capable of raising oil ouput beyond current production levels. "It's too optimistic to count on a rise in (OPEC) output. I believe it's difficult to buy enough oil on spot after October," he said.

Instructions Given to Nakayama

OW1608131090 Tokyo KYODO in English 1259 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—Foreign Minister Taro Nakayama leaves for the Middle East on Friday with instructions from Prime Minister Toshiki Kaifu to discuss ways for Japan to contribute to peace and stability in the region.

Nakayama is going on the eight-day trip in place of Kaifu, who decided on Monday to remain in Tokyo because of rising tension in the Gulf region. After receiving instructions from Kaifu in a meeting at the prime minister's official residence, Nakayama indicated that Japan will work out concrete measures to contribute to nations in the Middle East when he returns from his trip.

Chief Cabinet Secretary Misoji Sakamoto and Vice Foreign Minister Takakazu Kuriyama also attended the meeting.

Ministry on Iraqi, Kuwaiti Assets

OW1608145490 Tokyo KYODO in English 1343 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The Finance Ministry plans to cancel the freeze on Iraqi and Kuwait assets on a case-by-case basis if that does not run counter to the interests of the exiled Government of Kuwait, ministry officials said Thursday. Subject to such a measure would be assets that would be used for investment in Japanese stocks, those which would be remitted to Iraqi and Kuwait nationals in Japan for their living expenses and those held by Middle East banks with Kuwaiti shareholdings, the officials said.

Japan has frozen Iraqi and Kuwait assets in line with a U.N. Security Council resolution to forestall Iraqi attempts to take control of Kuwaiti funds following Iraq's invasion of Kuwait on August 2.

The officials said the decision came after consultations with financial authorities in the United States and Britain, both of which have taken similar actions. For instance, the U.S. Treasury Department has reportedly confirmed that it will not freeze the assets of certain Middle East banks with Kuwaiti shareholdings.

Watanabe Suggests Minesweepers

OW1608150290 Tokyo KYODO in English 1408 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—A senior ruling party politician on Thursday urged Prime Minister Toshiki Kaifu to consider sending minesweepers to aid the multinational forces in the Persian Gulf.

Michio Watanabe, leader of a major Liberal Democratic Party faction, had also suggested earlier the same day that funding be boosted for U.S. troops stationed in

Japan as an indirect method of supporting the Gulf operation. Watanabe said he told Kaifu in a meeting Thursday that "Japan should offer tangible cooperation" to achieve the withdrawal of the Iraqi Army from Kuwait.

In reply, Kaifu reportedly said Japan's response would be decided taking into consideration the results of Foreign Minister Taro Nakayama's trip to the region beginning Friday.

Suggestions to dispatch minesweepers and other nonoffensive military forces during the 1987-88 shipping crisis in the Gulf triggered a storm of opposition protest. Japan's peace Constitution restricts the actions of its military overseas.

Speaking with reporters after the Kaifu meeting, Watanabe questioned whether world opinion would be satisfied with Japanese financial support alone during the crisis when "even the Soviet Union is starting to work together with the U.S."

But Watanabe said it is "out of the question" for Japan to directly shoulder the operating costs of one of the U.S. aircraft carriers deployed in the Middle East. Some members of the U.S. Congress want Japan to partially underwrite the U.S. effort.

Some government officials say Japan might provide financial assistance to military operations in the Persian Gulf if they were put under the auspices of the United Nations. Other possibilities being raised are contributions in the medical and communications fields as well as aid to countries in the region affected economically by the crisis.

Constitutionality Problem Viewed

OW1708062190 Tokyo KYODO in English 0533 GMT 17 Aug 90

[Text] Tokyo, Aug. 17 KYODO—The dispatch of Japanese minesweepers to the Persian Gulf will not violate the nation's constitutional provisions restricting Japan's use of military force, a government source said Friday.

The source said the cabinet of former Prime Minister Yasuhiro Nakasone decided in 1987 that sending minesweepers of the Self-Defense Forces to the Gulf to secure Japan's oil lifeline would be classified as an act of self-defense.

Michio Watanabe, a senior politician of the ruling Liberal Democratic Party, urged Prime Minister Toshiki Kaifu on Thursday to consider sending minesweepers to the Gulf as part of the international campaign to force the withdrawal of Iraqi troops from Kuwait.

When the U.S. Navy started to escort tankers in the Gulf in 1987 in response to Iran's mining of vital waterways in the area, Nakasone and the Foreign Ministry advocated sending minesweepers to the Gulf. However, the proposal was withdrawn after then Chief Cabinet Secretary Masaharu Gotoda strongly advised against the idea. The possibility that Japanese minesweepers might be sent to the area also sparked criticism by opposition parties.

Some government officials added that Japan might provide financial support for military operations in the Gulf if they come under United Nations auspices.

Shipyards 'Anxious About Tension'

OW1608230890 Tokyo KYODO in English 1415 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—Japanese shipyards have fared well amid an influx of shipbuilding orders, but are anxious about tension in the Gulf area after Iraq's invasion of Kuwait, shipyard officials said Thursday. The officials said soaring crude oil prices after the August 2 invasion have raised fears about inflation. In fact, shipbuilding negotiations between Japanese yards and foreign shipping firms for delivery from 1993 have been virtually suspended, the Shipbuilders' Association of Japan said.

Japanese shipyards are booked up to two years ahead, and most orders are for 200,000-deadweight crude oil tankers, or larger. The yards fear Gulf developments may cause adverse effects, officials said.

Mitsubishi Heavy Industries Ltd., Japan's top shipbuilding company, won an order in May from Kuwait for two large 78,000 cubic-meters capacity Liquefied Petroleum Gas (LPG) tankers, worth about 10 billion yen each. Both ships were set for delivery in the first half of 1993.

When the contract was concluded, the Kuwait company paid about 20 percent of the tankers' price. The next payment is due when construction work on both tankers gets underway in the latter half of 1991. Mitsubishi officials said the problem is whether the Kuwait company will make payments then. The officials said they will wait and watch developments in the Gulf crisis.

A Kuwait firm ordered a small LPG tanker from a medium-size Japanese yard for delivery in 1992. This deal will be affected most by the Gulf tension, the Shipbuilders Association of Japan said.

Iraqi Denial of Exit Visas Noted

OW1708071790 Tokyo KYODO in English 0645 GMT 17 Aug 90

[Text] Tokyo, Aug. 17 KYODO—Japan has lodged an official protest against Iraq's decision to deny Japanese nationals permission to leave the country, Foreign Ministry officials disclosed Friday.

In a meeting in Baghdad on Thursday, Japanese Ambassador Kunio Katakura told a senior official of the Iraqi Foreign Ministry that Iraq's decision is "a clear violation of international law which is absolutely unacceptable,"

they said. Katakura said Japanese nationals working in Iraq have contributed to the country's development, even in the midst of the Iran-Iraq war, the officials said.

"Subjecting them (Japanese) to great uneasiness and agitation will only create great trouble in Japan-Iraq relations which will not be easily removed," the envoy was quoted telling the Iraqi Foreign Ministry official.

Officials said Katakura also conveyed Foreign Minister Taro Nakayama's "strong hopes" that the Iraqi Government will "seriously engage itself in ensuring the safety of Japanese nationals."

The Iraqi official promised to convey Nakayama's message to Iraqi Foreign Minister Tariq 'Aziz, the officials said. The Iraqi official was also quoted as saying he is not aware of why Iraqi authorities imposed new restrictions covering Japanese nationals and that he is only carrying out instructions.

Iraq has also banned the citizens of other nations to leave the country. Officials said there are now 230 Japanese in Iraq and another 278 in Iraqi-annexed Kuwait.

Nakayama Leaves for Middle East

OW1708065790 Tokyo KYODO in English 0515 GMT 17 Aug 90

[Text] Tokyo, Aug. 17 KYODO—Foreign Minister Taro Nakayama left Tokyo on Friday for an eight-day tour of five Middle Eastern countries to explore ways Japan can contribute to peace and stability in the Gulf region.

Prime Minister Toshiki Kaifu was initially scheduled to visit Egypt, Jordan, Oman, Saudi Arabia, and Turkey between August 15 and 27. But, he decided to postpone his trip because of mounting tension in the region and to dispatch Nakayama instead.

Nakayama will receive first-hand information from each country regarding its view of the Gulf situation. Prior to his departure, Nakayama met Kaifu for 15 minutes at the prime minister's official residence and discussed his trip.

Nakayama is due to arrive in Saudi Arabia on Saturday after an overnight stop in Thailand. He will then proceed to Oman, Jordan, Egypt, and Turkey. Nakayama was carrying personal messages from Kaifu to the leaders of the five countries he is visiting, Foreign Ministry officials said.

U.S. Military Admits To 'Buzzing' of Yacht

OW1608134790 Tokyo KYODO in English 1241 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—U.S. warplanes were responsible for the buzzing of a private yacht near Tokyo on Wednesday which left one person slightly injured, American Military officials said Thursday. U.S. officials had earlier stopped short of accepting responsibility for the incident, saying only that U.S. fighter planes were in the area at the time. The location south of Tokyo is outside areas specified for U.S. aircraft drills.

Maritime Safety Agency (MSA) officials said U.S. aircraft are suspected in three close fly-overs of maritime craft earlier this week and two in June and July.

In Wednesday's incident, a U.S. fighter flying 30 meters above the water approached the yacht "Bell" and climbed just before reaching the boat while another jet flew by at an altitude of 100 meters, MSA officials said.

Helmsman Hajime Okayama said he suffered slight injuries to his lower back and that the surge in wind pressure nearly threw his 9-year-old son out of the craft, the officials said. The yacht was cruising north of Nii-jima Island at 11:25 A.M. with six persons aboard when the incident occurred.

Two low-flying fighters approached a second yacht one hour later near Izu-Oshima Island 27 kilometers from the site of the first incident before flying on. MSA officials believe the planes used the yachts as imaginary enemy targets.

Officials from the Defense Facilities Agency said the planes were most likely F-18 fighters assigned to the U.S. aircraft carrier Midway.

Foreign Ministry Wants Increased Aid Budget

OW1608090990 Tokyo KYODO in English 0726 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The Foreign Ministry will ask for a substantial increase in appropriations for small-scale grants to nongovernmental organizations [NGOs] abroad as part of its fiscal 1991 foreign aid budget, ministry officials said Thursday.

The ministry will request over 600 million yen for the purpose, more than double the amount allocated for current fiscal 1990 which ends next March. The move reflects the ministry's efforts to further improve the quality of Japan's official development assistance (ODA), the officials said.

Small-scale grants are extended on requests from overseas nongovernmental organizations in packages not exceeding 5 million yen. Generally, grants are extended for government-sponsored construction projects such as bridges and roads.

But small-scale grants are distributed to nongovernmental organizations aiming at social welfare projects such as constructing hospitals, nurseries, elementary schools, public water supply systems and the purchase of school buses or ambulances. Although the amounts are small, the financial assistance is supplied within a few months after the request is accepted. For government-to-government general grants, recipients must wait 2-3 years before they actually receive their grants.

Since small-scale grants for NGOs were first introduced in the 1989 budget, the total value of requests from overseas nongovernment organizations has reached some 10 billion yen, or 30 times the annual budgetary allocations for the purpose, the officials said. Japan pledged to double its ODA to over 50 billion dollars between 1988 and 1992.

Creditor Banks Reject New Loans to Venezuela

OW1608083790 Tokyo KYODO in English 0346 GMT 16 Aug 90

[Text] New York, Aug. 15 (KYODO)—Japanese creditor banks will not join their U.S. and European counterparts in providing new loans to Venezuela under a relief program to ease the country's multibillion dollar debts, international banking sources said Wednesday. Instead, the banks have chosen other options laid out in the so-called Brady plan, such as a partial write-off and easing of the interest burden on outstanding loans, the sources said.

Japanese bankers earlier rejected new lending to Mexico, saying it is risky to provide further credits to a country which has shown little progress in its economic restructuring.

Venezuela has 21.6 billion dollars in medium- to long-term debts to foreign countries, 4 billion dollars of which is owed to about 30 Japanese banks.

The Brady plan, established in March 1989 at the initiative of U.S. Treasury Secretary Nicholas Brady, also focuses on a halt in interest payments and repurchase of debts at a substantial discount.

Way Sought for Prime Minister To Visit Shrine

OW1608120190 Tokyo KYODO in English 1043 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The government is seeking a way for the prime minister to make an annual August 15 visit to Yasukuni Shrine, the resting place for Japan's war dead, without being subjected to international criticism, a spokesman said Thursday. Nobuo Ishihara, deputy chief cabinet secretary, said it is unfortunate that the prime minister is unable to pray for war dead without being subjected to overseas criticism.

"I haven't heard of any case where one country criticized another for praying for those who died serving their country," Ishihara said. "By making the visits we are denying war and subscribing to peace; it is a very unhappy thing that neighboring (countries) make claims," Ishihara told a news conference.

Asked why he thought China and Korea responded angrily in 1985 when then-Prime Minister Yasuhiro Nakasone visited the shrine, Ishihara responded that some countries apparently do not feel that Japan has sufficiently atoned for its wartime aggression.

Nakasone is the only prime minister to have visited the shrine in an official capacity on the anniversary of Japan's defeat in World War II. The visit was controversial because wartime Prime Minister Hideki Tojo and six other class-A war criminals are enshrined in Yasukuni.

Ishihara said Chief Cabinet Secretary Misoji Sakamoto will launch an advisory group next month to investigate why the issue has become so politically divisive. Prime Minister Toshiki Kaifu supports Sakamoto's effort to clarify the problem and make it possible for cabinet members to visit the shrine on their own volition, Ishihara said.

On Wednesday, the 45th anniversay of Japan's surrender in World War II, 13 cabinet ministers visited the central Tokyo shrine dedicated to Japan's over two million war dead. However, Kaifu, Sakamoto, and Foreign Minister Taro Nakayama did not visit the shrine.

"Prime Minister Kaifu would very much like to visit the Yasukuni Shrine but stayed away out of consideration of neighboring countries," a government source said. Along with Emperor Akihito and Empress Michiko, Kaifu attended a separate nonreligious memorial service.

Ishihara said the advisory group would include private citizens. He left open the possibility that it could also include Koreans or Chinese.

Leftists Claim Responsibility for Firing Mortars

OW1608130390 Tokyo KYODO in English 1100 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The extreme leftist group Chukakuha (middle core faction) has claimed responsibility for the firing of three mortar shells found on the roof of the Japan Broadcasting Corp. (NHK) in Tokyo and in a nearby parking lot. Police on Wednesday also found what appeared to be a homemade mortar launcher at Yoyogi Park stadium, which is under renovation.

Police suspect the crude homemade mortars were fired by Chukakuha because they resemble those fired by the group toward the Tokyo residence of Prince Hitachi, younger brother of Emperor Akihito, on January 8. The group claimed responsibility for Wednesday's incident in a letter received by KYODO NEWS SERVICE on Thursday.

Police believe the mortars were targeted against the public television network in Shibuya in protest against what the leftists regard as its biased reports in support of the imperial family. On Thursday, police found three steel launchers about 50 centimeters long and 5 centimeters in diameter at the stadium.

Laws To Ward Off Hostile Takeovers Urged

OW1708111090 Tokyo KYODO in English 1025 GMT 17 Aug 90

[Text] Tokyo, Aug. 17 KYODO—The government should review the corporate and financial legislation to establish legal protection against hostile takeovers, as American-style mergers and acquisitions (M and A's) are becoming increasingly popular in Japan, a government advisory panel said Friday.

The panel, in a report submitted to the Ministry of International Trade and Industry (MITI), stressed the importance of building up a framework to head off potential troubles stemming from M and A's without excessively restricting them.

The number of M and A's in Japan increased to 659 cases in 1989 from 176 in 1981, with most of them intended to serve as stepping stones for entering new business fields or expanding business lines. The principal reasons for the sharp increase are the loosening of the financial market, which has made raising funds easier, expansion and diversification drives by companies, and company restructuring efforts.

Japanese firms are also staging an increasing number of M and A's overseas, mainly to establish footholds in foreign markets. M and A's by Japanese firms in overseas markets totaled 404 in 1989.

While American-style hostile takeovers are still anathema to Japanese companies, the gap between Japanese and U.S. perceptions of M and A's is rapidly narrowing, the report said. Such a trend is likely to continue, with M and A's becoming more and more familiar as a management tactic among Japanese companies, it predicted.

In order to avoid unfavorable consequences of M and A's, steps should be taken to ensure information disclosure and transparency for all the parties concerned, it said.

Those pursuing M and A's should reveal their plans for management after a takeover to the existing management and shareholders of the targeted firms, and make it clear that the aim is long-term growth of the companies concerned and that adequate attention will be paid to the interests of the employees. Such standards should also be applied to buyouts of foreign firms by Japanese companies.

The M and A's should be conducted on the principles of transparency, fairness, and international harmonization, and they should be aimed at boosting industrial vitality. With this aim in mind, the government should start reviewing the corporate and financial systems that might prevent positive M and A's.

Japanese legal arrangements that are pointed out in the report as possible obstacles to M and A's include the prohibition against setting up holding companies, limitations on the issuance of corporate bonds, and the rule against consolidated payments of corporate taxes. Restrictions on greenmailing and easing of the ban on companies holding their own shares are also recommended.

MITI Plans To Overhaul Measurements Law

OW1708110890 Tokyo KYODO in English 1044 GMT 17 Aug 90

[Text] Tokyo, Aug. 17 KYODO—The Ministry of International Trade and Industry [MITI] plans to overhaul the country's measurements law for the first time in 24 years to bring Japan's measurement units closer to international standards, sources at the ministry said Friday. The planned revamping of the law is expected to defuse foreign criticism stemming from incompatibilities in measuring units.

Foreign countries have often complained that Japanese measurement units serve to bar their access to Japanese markets, the sources said. Japan has long lagged behind in the worldwide movement to introduce the international system of units aimed at global unification of measurement units.

By way of example, if the revisions in the law are formally authorized through Diet deliberations scheduled to begin in December next year, the "bar," a unit of pressure equal to one million dynes per square centimeter, would likely be replaced by the "pascal," an international standard unit. The calorie also is likely to be replaced by the "joule."

The sources said the revision process will include a sweeping review of other measurement regulations currently governing product certification and sales.

MITI To Study Solar Power Generation in Space

OW1608120390 Tokyo KYODO in English 0842 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The Ministry of International Trade and Industry (MITI) will begin basic research next year on a photovoltaic power system in space that will enable the sun's rays to be captured and sent back to the earth, ministry officials said.

Solar power units stationed in space would be more efficient than earth-based photovoltaic power systems, the officals said. While much of the sun's energy is filtered out by the earth's atmosphere and cloudy weather, these conditions do not exist in space, they added.

MITI has commissioned the New Energy Development Organization (NEDO) to head up a team of experts to begin research and gather information, as part of its alternative energy program to reduce increasing carbon gas emissions which are known to damage the environment, the officials said. NEDO is a government organization which heads a national project to develop alternative and clean energy sources. At present, it conducts research in cooperation with Japanese industry on solar power, windpower and nuclear fusion.

The project envisions a photovaltaic power generator equipped with a solar panel unit in geostationary orbit around the earth. A panel unit 5 to 10 kilometers square would be needed to generate five million kilowatts, or equivalent to output of some five nuclear power stations, the officials said.

Equipment and solar panels would be lifted into space by rocket and then assembled. Energy captured by the solar panel unit would be sent by microwave signals or laser to an earth-based power receiver station.

The official said the results of the new project and current nuclear fusion research are expected to be put into pratical use sometime between 2020 and 2040.

MITI To Develop Metal-Recycling Technology

OW1608135090 Tokyo KYODO in English 1250 GMT 16 Aug 90

[Text] Tokyo, Aug. 16 KYODO—The Ministry of International Trade and Industry plans to request a total of 7.15 billion yen in the fiscal 1991 budget to develop new technologies to preserve the environment, officials said Thursday. The figure represents a funding increase of about 18 percent year-on-year.

New technologies will include metal-recycling and generation of hydrogen by using microorganisms, they said. The officials said metal-recycling technology aims to extract iron and other metals from scraps of iron and other metal alloys, by decomposition. The new technology will be developed under a 10-year plan, and 100 million yen will be sought for the first year.

A project to develop technology to generate hydrogen using microorganisms aims to secure pollution-free energy. MITI is expected to seek 50 million yen for this in fiscal 1991.

MITI will consider having the research institute of innovative technology for the earth hold seminars overseas and invite foreign researchers to join research and development projects. The institute was established, mainly by MITI, in Kyoto in July.

Mongolia

Council Chairman Gungaadorj Meets UK Group

OW1608122490 Ulaanbaatar International Service in English 0910 GMT 16 Aug 90

[Text] Chairman of the Mongolian Council of Ministers Gungaadorj has met the visiting delegation of the United Kingdom of Great Britain and Northern Ireland led by mayor of the city of Leeds, Mr. William Kilgallon. During the meeting, the two men noted the significance of ties between the two cities in further development of Mongol-British friendly relations.

The delegation of Leeds has been to a number of industrial and business enterprises of Ulaanbaatar, visited South Gobi Province, and had talks with Mongolian officials of the city municipality on issues of further cooperation.

P. Ochirbat Greets Scientific Conference

OW1608122590 Ulaanbaatar International Service in English 0910 GMT 16 Aug 90

[Text] These days, central Mongolian newspapers highlight the 750th anniversary of the outstanding monument of Mongolian history and literature, "The Secret History of the Mongols."

The paper UNEN of the Mongolian People's Revolutionary Party carries the greetings of Mongolia's state leader [Punsalmaagiyn] Ochirbat to the participants in the international scientific conference (?timed to the event) opened in the Mongolian capital Tuesday.

Opening the conference, president of the Mongolian Academy of Sciences academician Sodnom noted that the "Secret History" represents a valuable contribution of the Mongolian people to the world culture, notes the paper. The main report of the "Secret History of the Mongols," an outstanding historical and literary masterpiece, was delivered by general secretary of the International Association for Mongol Studies academician [name indistinct].

The conference continues its work in sections with scholars from 26 countries.

Construction Ministry Accepts Workers' Demands

OW1508145290 Ulaanbaatar International Service in English 0910 GMT 11 Aug 90

[Text] Executive Committee of the Trade Unions of Construction Workers has had talks with the Ministry of Construction and the Executive Council of the Mongolian Union of Construction Workers, discussing the matters of job places, social security, and occupational safety in the construction sphere. Minister Nyamsambuu stated that his ministry has obtained wide powers for solving such problems and said the ministry accepts the majority of their demands. The matters exceeding ministerial authority will be submitted to the Council of Ministers, he said.

The trade union package included such demands as expanding job places, creating small enterprises, revision of wage retribution, and work norms, that is, health conditions.

MPA Political, Educational Work To Be Reformed

OW1508151490 Ulaanbaatar International Service in English 0910 GMT 11 Aug 90

[Text] The army newspaper ULAAN OD carries the draft charter of the political institution in the Mongolian People's Army [MPA] and the draft concept for reforming political and educational work in the MPA. They are followed by an address to readers signed by the Political Department of the MPA. It says in particualr that in conditions of the multiparty system in Mongolia,

the role of people's power and governmental bodies is growing and this has created new sociopolitical conditions for the MPA.

The draft charter stipulates that political institutions in the Army are state education establishments, the purpose of which is to implement the policy of the Mongolian state, government, and the high military command. They will be acting solely on decress of the People's Great Hural, state's Small Hural, governmental regulations, and upon orders of the defense minister, says the draft charter.

Official at News Conference on Educational Goals

OW1608130890 Ulaanbaatar International Service in English 0910 GMT 16 Aug 90

[Text] A press conference was held in Ulaanbaatar dedicated to the start of the new 1990-91 academic year. Speaking there, Deputy Minister of Public Education of Mongolia (Damdinsuren) informed that particular significance this year will be attached to the renewal of the content of education, thinking, and method of management in the educational system. This year 454.8 thousand children will study at general education schools in the country, of whom 51.8 thousand are newcomers, said the minister.

North Korea

South Blamed for Travel, Contact Failure

SK1708051690 Pyongyang KCNA in English 0504 GMT 17 Aug 90

[Text] Pyongyang August 17 (KCNA)—The traitor No Tae-u in his "address on National Liberation Day" driveled about "national spirit" and "independence and sovereignty" while faithfully serving the aggressors as if they were his own grandfather, and advertised "opening of an era of democracy" while resorting to the hideous military fascist dictatorship against the people. This is an intolerable insult to and mockery of the nation and patriotic martyrs who laid down their lives for national independence and sovereignty and democracy, says NODONG SINMUN in a commentary today.

What should not be overlooked is that he again mocked the fellow countrymen with the question of reunification, the supreme task of the nation, the news analyst says, and goes on:

If he truly wanted reunification, he should have shown his will to get U.S. imperialist aggression forces withdrawn from South Korea, renounce the anti-communist confrontation policy and cease from aggravating the North-South relations before talking anything else.

No, however, went the length of justifying the U.S. imperialist aggression forces' occupation of South Korea by distorting the reality with the claim that "there exists no longer external obstacles" to reunification.

Their talk about possibility of reunification without U.S. troop pullout revealed that they do not give up their criminal intention to gratify the wild ambition for "reunification by prevailing over communism" under the aegis of U.S. imperialism.

No in his "address" kept mum about the question of pulling down the concrete wall built in the area south of the military demarcation line, a symbol of North-South confrontation and division, and of scrapping the notorious "National Security Law" which brands fellow countrymen as "an enemy."

How could he have the cheek to talk about "reunification," "concord" and "free travel," while bypassing all problems which should actually be resolved for national unity and reunification?

No laid the blame for the failure to realize "proposal for inter-Korean exchanges of people" he made on the occasion of the 15th of August at another's door. This was nothing but a clumsy subterfuge for shirking his clique's responsibility.

The blame for the failure of North-South free travel and contact rests entirely with the South Korean authorities.

They fully revealed in deed the falsity and deceptive nature of their "proposal for inter-Korean exchanges of people" this time, too, when they refused to open the route for our southern trip and blocked the northern trip of South Korean personages of broad strata and organizations with violence.

No is not entitled to talk about "free travel" or "national concord" and "reunification."

Should he continue to mock the fellow countrymen with the reunification question and abuse it for his "power security," he would face a stern judgement by the nation.

Reportage on Pan-National Rally Activities

Overseas Koreans Respect Kim

SK1708044190 Pyongyang KCNA in English 0430 GMT 17 Aug 90

[Text] Pyongyang August 17 (KCNA)—Overseas Koreans who are staying in Pyongyang for the pan-national rally expressed unbounded respect and ardent reverence for the great leader President Kim Il-song who laid a foundation for great national unity and anti-U.S. united front for national salvation long ago.

When visiting the Ssuk Islet revolutionary site, they were deeply moved by the extraordinary leadership ability and great magnanimity of President Kim Il-song who advanced once again the policy for great national unity clarifying that all the political parties, public organisations and persons of all strata in the North and the South must firmly unite for the destiny of the country and the nation, transcending differences in ideology, political view and religious belief, and has wisely led the Korean people to its implementation.

Kim Sok-hyo, member of the delegation of Koreans in Japan, had this to say:

I have acquired a good knowledge of the immortal history of the great leader Comrade Kim Il-song who formed 42 years ago a united front to achieve the independent reunification of the country and build a democratic independent and sovereign state by uniting patriotic forces in the North and the South into one.

The site makes the visitors more warmly feel the broad-minded magnanimity and distinguished personality of the great leader who has been devoting his all to the reunification of the country and to the prosperity and development of the nation.

Kim Tae-chong, vice-chairman of the Canadian headquarters of the consultative council for promoting the peaceful reunification of the country, said:

While visiting Ssuk Islet today, I realised more keenly that General Kim Il-song is the sun of the nation and the lodestar of the reunification.

At that time, he led even those who espoused anti-communism including Messrs. Kim Ku and Kim Kyu-sik along the road of patriotism and the independent reunification of the country with broad-minded magnanimity and influence.

Kim Yong-sun, member of the North American consultative council for reunification, stated:

On Ssuk Islet, President Kim Il-song illumined the policy for achieving the great national unity for reunification, irrespective of differences in ideology, political view and religious belief.

In this place, we gained once again the lesson that we must unite for the national task of reunification, transcending differences in ideology, political view and religion.

South Student Comments

SK1708045790 Pyongyang KCNA in English 0445 GMT 17 Aug 90

[Text] Pyongyang August 17 (KCNA)—Student Song Kap-sok, chairman of the National Council of [University] Student Representatives (Chondaehyop) who is being sought by the fascist clique, called a press conference at Yonsei University in Seoul on the morning of August 16, according to a report.

At the press conference, he expressed Chondaehyop's support to the resolution adopted at the Pan-National Rally for Peace and Reunification of the Country which was held in the Tongil House in the North side's portion of Panmunjom on August 15 with the attendance of delegates of the North and overseas sides.

Referring to the orientation of the national reunification movement of Chondaehyop in the latter half of the year, he declared that "it will directly contact the Korean students committee of the North in the future, not through the 'government' because the anti-reunification nature of the 'government' was confirmed during the pan- national rally this time".

Comparison of Gorbachev's Message to Kim Il-song

SK1508035890

Pyongyang Domestic Service in Korean at 2100 GMT on 14 August carries a two-minute report on Kim Il-song's receipt of a message from Soviet President Mikhail Gorbachev on the occasion of the 45th anniversary of Korea's national liberation. This report has been compared with the KCNA version published in the 15 August East Asia DAILY REPORT, page 20, and found to be identical, except for the following variations:

Column two, paragraph one, sentence one reads: A message of greetings came to the great leader Comrade Kim Il-song... (inserting words)

Same column, paragraphs two through three, sentence one reads: ...August 14 says:

Pyongyang, Comrade Kim Il-song, general secretary of the Workers Party of Korea, president of the DPRK

I extend wholehearted... (supplying passage)

Same column, paragraph five, last sentence to end of item reads: ...peaceful national reunification.

Gorbachev, 14 August 1990, Kremlin, Moscow (adding words)

Comparison of Kim Il-song's Message to Gorbachev

SK1508033990

Pyongyang Domestic Service in Korean at 2100 GMT on 14 August carries a three-minute report on Kim Il-song's message to Soviet President Mikhail Gorbachev on the 45th anniversary of Korea's national liberation. This report has been compared with the KCNA version published in the 15 August East Asia DAILY REPORT, page 20, and found to be identical, except for the following variations:

Column one, first paragraph of item, sentence one reads: ...August 14 (KCNA)—The great leader Comrade Kim Il-song, general secretary of... (supplying words)

Same column, paragraph two, only sentence to paragraph four, sentence one reads: The message reads:

Moscow, Comrade Mikhail Sergeyevich Gorbachev, president of the USSR, general secretary of the Communist Party of the Soviet Union

On the occasion... (inserting words)

Same column, last paragraph, only sentence to end of item reads: ...safeguarding world peace.

Kim Il-song, general secretary of the Workers Party of Korea, president of the DPRK, 14 August, Pyongyang (supplying additional passage)

Premier Yon Hyong-muk Greets Soviet Counterpart

SK1708081490 Pyongyang Domestic Service in Korean 0800 GMT 15 Aug 90

[Text] Yon Hyong-muk, premier of the Administration Council, sent a congratulatory message to Comrade Nikolay Ivanovich Ryzhkov, chairman of the USSR Council of Ministers.

The congratulatory message sent the warmest comradely greetings to the Soviet Union, on the occasion of the 45th anniversary of Korean liberation from the Japanese imperialists' colonial rule. The congratulatory message pointed out that a new chapter in friendly relations between Korea and the Soviet Union was recorded on 15 August when the Korean people, with the Soviet Army, annihilated the Japanese imperialists and achieved the historic cause of the fatherland liberation.

In addition, saying that the traditional friendly and cooperative relations between Korea and the Soviet Union will surely further deepen and develop on the road of struggle for peace and socialism, the congratulatory message sincerely wishes great success to the Soviet Council of Ministers for growth and prosperity of the Soviet society and in the Soviet Council of Ministers' work.

Further on Visit by Soviet Fleet, Flying Corps

'Flotilla' Commander Comments

SK1708081790 Pyongyang Domestic Service in Korean 0800 GMT 16 Aug 90

[Text] On the morning of 16 August, Vice Admiral Anatoliy Oleynik, first deputy commander of a flotilla of the Soviet Red Flag Pacific Fleet, held a news conference with reporters at home and abroad on the large antisubmarine warfare ship "Marshal Shaposhnikov."

Reporters from central and local newspapers, news agencies, and radio reporters and reporters of the People's Army, as well as accompanying reporters of the flotilla of the Soviet Red Flag Pacific Fleet, attended the conference. First, Anatoliy Oleynik made remarks.

[Begin recording in Russian fading into Korean translation] Respected comrade reporters of publications and the media! Above all, I sincerely welcome your visit to our flotilla.

On the 45th anniversary of the Korean liberation, I extend the warmest congratulations to the fraternal Korean people and the soldiers of the Korean People's Army [KPA], through your country's publications and the media, in the name of the soldiers of the flotilla of the Soviet Red Flag Pacific Fleet and the residents in the Soviet Far East regions.

This anniversary is our common national day. The Soviet people and the Korean people waged a just struggle against the Japanese militarists. In the name of the marines of the Pacific Fleet, we will always remember the Korean communists, patriots, and the soldiers of the Soviet Far East front who sacrificed themselves for the following generations.

The militant friendship which was forged in a joint struggle in an arduous era will be immortal. This can be confirmed through the entire course of history. The current visit is a demonstration of the strengthening of Soviet-Korea friendship and development of the friendly relations between the Soviet Pacific Fleet and the KPA Navy.

A flotilla of the Soviet Red Flag Pacific Fleet with the large antisubmarine warfare ship "Marshal Shaposhnikov" as its flagship is making an official goodwill visit to your country at the invitation of the DPRK Government.

We sincerely extend our thanks to the Central Committee of the Workers' Party of Korea, the DPRK Government, and the KPA Navy Headquarters for inviting us to your beautiful land, a land of bright morning.

I extend an invitation to everyone who wants, to visit our fleet. By doing so, you can further understand the service conditions of our marines. In addition, we will explain the entire Pacific Fleet to whoever visits our fleet. Our activities cannot be fulfilled without firm peace based on mutual trust. The Asia-Pacific region, however, has not been included in the detente process ongoing in the world.

The United States has stationed approximately 40,000 troops in South Korea, has large-scale military exercises, including the "Team Spirit" and "Rimpac." We cannot but take into account the offensive operations which have been conducted in the military exercise. The world's people, however, have struggled for peace, social progress, strengthening of cooperation, detente, and expanding trust. The Korean Peninsula cannot be an exception.

We support the Korean people's struggle for national reunification. And, we believe that a victory will surely be effected in their struggle.

The Soviet fleets have made goodwill and working visits to the DPRK on several occasions. Meetings between marines of the Soviet Union and the DPRK have always been amiable and hospitable. Through the current visit, we will contribute to further strengthening traditional Soviet-Korea friendship, which is our noble purpose.

We express deep thanks to the DPRK for leading us to further understand the diligent Korean people's life, customs and culture, through a well-planned visiting schedule.

We always warmly welcome Wonsan citizens and the KPA soldiers to visit our fleet. Once again, I warmly welcome your coming to our fleet. Thank you. [end recording]

At the news conference, there were answers to the questions raised by reporters.

Fleet Members Visit Wonsan

SK1608155990 Pyongyang KCNA in English 1511 GMT 16 Aug 90

[Text] Pyongyang August 16 (KCNA)—A flotilla of the Soviet Red Flag Pacific Fleet with the large anti-submarine "Marshal Shaposhnikov" as its flagship led by Vice-Admiral Anatoliy Oleynik, first deputy commander of the fleet, which called at Wonsan port on August 14 is on a visit to Korea.

A mass meeting welcoming the Soviet seamen was held in Wonsan today.

Sin Hung-kyu, chief secretary of the Wonsan city party committee and chairman of the Wonsan city people's committee, said that the particular relations of friendship between the Wonsan citizens and the officers and men of the Soviet Red Flag Pacific Fleet have been established. The Soviet seamen, he noted, displayed mass heroism in the operation for the liberation of the city.

He further said:

Today the traditional Korean-Soviet friendship is developing in the common interests of the two peoples. The present situation requires the two countries to sincerely fulfil their commitments as allies in the spirit of friendship and cooperation.

The Korean-Soviet friendship is of weighty importance in guaranteeing peace in the Asia-Pacific region and the rest of the world. He expressed pleasure at the development of the friendly and cooperative relations between the two peoples and armies in their common interests.

He voiced full support to the peaceloving proposals and initiatives advanced by the Soviet party and government to remove the danger of a thermo-nuclear war, a new world war and build a peaceful world free from war in the international arena and expressed firm support and solidarity for their efforts to carry them into practice.

Speaking next, Anatoliy Oleynik said that the cursed enemy the Japanese militarists were defeated 45 years ago and the fraternal amity and unbreakable friendship were forged in blood between the two countries through struggles.

The escalating military manoeuvres of the Korean offensive by the forces of the United States, South Korea and Japan and their offensive nature are rendering the situation in this region strained, he stated, adding:

The peaceloving policy of socialist Korea to put the situation on the Korean peninsula on a sound basis and reunify the country peacefully on a democratic basis enjoys the invariable support of the USSR.

The Soviet seamen, like all the Soviet people, will make every possible effort to strengthen and develop the friendly and cooperative relations between the Soviet Union and Korea in the interests of the cause of peace and socialism in the two countries.

Anatoliy Oleynik called a press conference today aboard "Marshal Shaposhnikov" on the visit to Korea by the flotilla of the fleet.

The visit of the flotilla will help strengthen the Soviet-Korean friendship and develop the friendly relation between the seamen of the two countries.

The leading members of the flotilla of the fleet visited Mangyongdae and inspected the tower of the chuche idea on August 15.

The members of the flotilla of the fleet Wednesday laid wreaths at the monument to the Korean People's Army martyrs in Wonsan and the grave of officers and men of the Soviet Army.

A reception was given for them in Wonsan on the evening of August 15.

Friendship soccer and volleyball games took place between seamen of the Korean People's Army and Soviet seamen.

On August 16 school children in Wonsan visited the flotilla and there was a meeting between member of the Korean-Soviet Friendship Society and Soviet seamen.

KPA Entertains Flying Corps

SK1608221990 Pyongyang KCNA in English 1521 GMT 16 Aug 90

[Text] Pyongyang August 16 (KCNA)—The Flying Corps of the Soviet Air Force led by Maj. Gen. [Major General] Yuriy Morozov, Chief of Staff of the Flying Corps of the anti-air force [as received] of the Soviet Union, is on an official goodwill visit to the Democratic People's Republic of Korea.

The members of the Soviet Air Force Flying Corps were warmly welcomed by soldiers of the Korean People's Army (KPA) at a meeting on August 16.

Addressing the meeting, Lt. Gen. [Lieutenant General] Hong Song-yul elaborated on the Korean-Soviet friendship.

He said: The historical Soviet visit of the great leader Comrade Kim Il-song in 1986 and his significant meetings and talks with respected Comrade Mikhail Sergeyevich Gorbachev marked an epochal milestone in expanding and developing the Korean-Soviet friendship to a new, higher stage.

The current visit of the Flying Corps to Korea will powerfully demonstrate the militant friendship and unity between the two Armies and greatly inspire the peoples and soldiers of the two countries struggling for the victory of the cause of peace and socialism against imperialism.

He expressed support and solidarity for the Soviet people and Armymen in their struggle for peace and security in Europe, Asia and the rest of the world. Yuriy Morozov said in his speech that the Soviet people and soldiers of Armed Forces would always cherish in their

hearts the feelings of fraternal friendship with the Korean people and People's Army soldiers.

I believe that the current visit of the Soviet Air Force Flying Corps will contribute to developing in depth the friendly and cooperative relations between the peoples of the Soviet Union and Korea and fulfilling the tasks facing us, he said.

He wished the Korean people and People's Army soldiers fresh success in their efforts for socialist construction of the country and the increase of combat power of the Army.

Col. Gen. [Colonel General] Cho Myong-nok, Air Force commander of the Korean People's Army, met Yuriy Morozov today.

A friendship gathering between KPA airmen and the members of the Soviet Flying Corps took place here today.

The guests visited Mangyongdae Wednesday.

After visiting Mangyongdae, Yuriy Morozov said the great leader of the Korean people Comrade Kim Il-song has done a lot of work for the people. The Korean people have made great achievements in a short period of time under his leadership, he added.

He stressed that Comrade Kim Il-song is the great leader well known among the world people.

On the same day, the guests saw the tower of the chuche idea, the West Sea barrage and the Pyongyang metro and appreciated a circus show.

They were also entertained to a banquet that day.

Japanese Group Urges Tokyo To Improve Ties

SK1608155190 Pyongyang KCNA in English 1506 GMT 16 Aug 90

[Text] Tokyo August 13 (KNS-KCNA)—The "society demanding improvement of Korea policy" grouping prominent figures of Japan including Takako Doi, chairwoman of the Japan Socialist Party, called a press conference in Tokyo on August 10 and released a statement calling upon the Japanese Government to work hard to improve Japan-Korea relations.

The statement underlined the responsibility of the Japanese Government for having left the Japan-DPRK relations abnormal up to date.

Pointing out that Japan has been involved in the maintenance of the unfortunate division of the Korean nation by supporting all along only South Korea since the Second World War, the statement said:

The abnormal relations with the DPRK by this time are also the result of the policy.

It is the obligation of the Japanese to begin with deeply repenting of and apologizing for it for the normalisation of Japan-Korea relations.

It is high time that Japan promptly improved the relations with the DPRK.

The government is loud-mouthed about "unconditional negotiation", but there are a lot of matters the Japanese Government must and can improve through an earlier change of policies before inter-governmental negotiation including the guarantee of human rights of Koreans in Japan, the elimination of national discrimination and the rectification of the attitude of listing organisations of Koreans in Japan as targets for security.

The Japanese Government should begin with solving these problems as early as possible.

Improvement of Japan-DPRK relations must start with the repentance of Japan toward Korea irrespective of the change of the international situation, the statement stressed.

Meeting Held To Welcome Japanese Socialists

SK1708053090 Pyongyang KCNA in English 0453 GMT 17 Aug 90

[Text] Pyongyang August 17 (KCNA)—A mass meeting was held in Wonsan Thursday to welcome a friendship visiting group of the Japan Socialist Party [JSP] headed by lower house member Taneaki Tanami, member of the Central Executive Committee and director of the Information Department of the JSP.

Speaking at the meeting, Kim Nyo-hyon, secretary of the Kangwon Provincial Committee of the Workers' Party of Korea [WPK], said that the Japan Socialist Party has vigorously struggled in defence of the independent rights and vital interests of the broad working masses, pressing ahead with the anti-nuke, anti-war, disarmament and peace movement.

He said:

The Workers' Party of Korea highly estimates the just struggle of the JSP which is pursuing an independent policy at its own discretion and conducting a vigorous anti-nuke, peace movement, and expresses full support and firm solidarity for it.

The members of the visiting group this time will be able to see at first hand and feel, everywhere they go, how deep and firm the trust in the socialist system of our own style chosen and established by our people themselves is and how sincere their friendly sentiments toward the JSP is.

Our party will as ever continue to promote the close friendship and cooperation with the Japan Socialist Party under the banner of independence, peace and friendship and advance always shoulder to shoulder with the JSP in the struggle to accomplish the common cause of mankind against nuclear weapons and war and for disarmament and peace, especially, in the struggle for establishing nuclear-free, peace zones in Northeast Asia, he stressed.

Sumiko Shimizu, Socialist member of the House of Representatives who is deputy head of the visiting group, spoke next.

Noting that it is imperative at present to consolidate the bonds of friendship forged between the JSP and the WPK more broadly and firmly, she said the Japanese people of broad segments should develop Japan-Korea friendship relations with a correct understanding of the DPRK.

I consider that the five-point policy and a package of proposals for national reunification put forward by President Kim Il-song in May this year are most realistic ones for a peaceful settlement of the Korean question, she said.

Noting that the question of Korean reunification is the most pressing task in the world today, she added:

From the stand that Korea is one and the question of Korean reunification is an affair of the Korean people themselves, the JSP fully supports the proposal for founding the democratic confederal republic of Koryo based on the three principles of independence, peaceful reunification and great national unity which was clarified in the July 4 North-South joint statement.

Expressing deep interest in the fact that delegates of the whole nation gathered in Panmunjom on August 15, the 45th anniversary of the liberation from the colonial Yoke of Japan, to hold the pan-national rally for national reunification, she declared:

The Korean nation, as a homogeneous one, has the right to live in the same territory. No force can thwart the efforts of the Korean people for reunification.

Referring to the Japanese Government policy towards Korea, she said: We will do all we can to create a new good-neighbourly relationship between the two countries.

Believing that through the current visit to Korea they will acquire a deep knowledge about the socialist construction in the DPRK which is progressing on the basis of the man-centred chuche idea, she said: We sincerely hope that Korea, the land of chuche, will make a long drive in the future, too.

Kim Il-song Sends Message to Congo's President

SK1408222190 Pyongyang KCNA in English 1544 GMT 14 Aug 90

[Text] Pyongyang August 14 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, sent a message of greetings on August 13 to Denis Assou Nguesso, chairman of the Central Committee of the Congolese Party of Labour and president, head of government of the Republic, on the 27th anniversary of the victory of the August Revolution, the national day of the Congolese people.

The message wishes him great success in his work for the independent development and prosperity of the country and expresses the belief that the friendly relations between the two countries will continually develop.

Workers' Party Letter Praises Counties, Cities

SK1708034890 Pyongyang Domestic Service in Korean 2100 GMT 14 Aug 90

[Text] A letter of thanks of the Workers' Party of Korea [WPK] was delivered to cities and counties that have set examples in building dwellings and producing and supplying people's consumer goods. Upholding the intent of the great leader and our party, the party committees, people's committees, and administrative and economic guidance committees of cities and counties have vigorously waged the struggle to further promote the working people's living by building more modern dwellings and increasing the production of consumer goods.

Setting the goal of building 1,000 housing units every year, Chongson County has properly set up a building materials production base. As a result, the county has set the example of building more than 1,100 housing units last year alone.

Kumgang County has built a livestock breeding base and a feed production base and has vigorously waged a mass movement to raise pigs. As a result, the county has attained success in the production of pork. In addition to the county, many other cities and counties have regularized production at a high level by operating their local plants at full capacity and more properly met the increasing demands of the citizens for the necessities of life by constantly increasing the production of 3 August people's consumer goods.

The dear Comrade Kim Chong-il highly appraised functionaries of the party committees, the people's committees, and the administrative and economic guidance committees of Kim Chong-suk County, Taehungdan County, Samsu County, Sinyang County, Chungsan County, Changgang County, Nangmyong County, Sinchon County, Samchon County, Unphong County, Tosan County, Kumya County, Iwon County, Chongpyong County, Kumgang County, Pangyo County, Chunga County, Yangdok County, Maengsan County, Kanggye City, Manpo City, Kopung County, Yomju County, and Changpung County which have shown themselves as good models in the work of providing better living conditions to the working people and further enriching their livelihood.

Meetings to repay the letter of the WPK Central Committee with loyalty were held on the spot. At the meetings, a letter of the WPK Central Committee was delivered amid enthusiastic cheers. The meetings were followed by reports and discussions. A resolution was adopted at the meetings.

Decree Issued on Changing Name of Middle School

SK1708033990 Pyongyang Domestic Service in Korean 2100 GMT 14 Aug 90

[Text] The DPRK Central People's Committee decree on changing the name of Pabal Senior Middle School to Kim Hyong-kon senior school:

Pabal-ri, Pungsan County is associated with the revolutionary achievements of Comrade Kim Hyong-kon, the immortal and indomitable communist revolutionary fighter. Comrade Kim Hyong-kon, who embarked on the road of the revolution in his early days, actively pursued the work of awakening ideologically and organizing juveniles. Comrade Kim Hyong-kon not only strengthened anti- Japanese political propaganda activity among members of the Saenal Juveni[illegible] League and the Paeksan Youth League, which were organized and led by the great leader Comrade Kim Il-song, but also firmly provided the mass foundation for armed struggle by indoctrinating juveniles at Paeksan school.

Comrade Kim Hyong-kon actively waged armed struggle against the Japanese imperialists to implement the armed struggle line set forth by the great leader Comrade Kim Il-song. Following and upholding the great leader's teaching, Comrade Kim Hyong-kon led an armed team of the Korean Revolutionary Army and attacked the (Naechung) police station in Pabal-ri, Pungsan County in the summer of 1930. Thus, he inspired the broad segments of the masses to participate in the anti-Japanese struggle and dealt serious military and political blows to the Japanese imperialists.

To hand down forever the immortal revolutionary achievements that Comrade Kim Hyong-kon registered in the anti-Japanese armed struggle and in fostering youths and juveniles to become revolutionaries loyal to the great leader Comrade Kim Il-song, the DPRK Central People's Committee decides: The name of the Pabal Senior Middle School is changed to Kim Hyong-kon Senior Middle School.

DPRK Central People's Committee
12 August 1990, Pyongyang

South Korea

Further on Reaction to Crisis in Persian Gulf

No Troops to Gulf

SK1608130090 Seoul YONHAP in English 1227 GMT 16 Aug 90

[Text] Seoul, Aug. 16 (YONHAP)—South Korean Foreign Minister Choe Ho-chung virtually ruled out the possibility that South Korea may join any military sanction against Iraq unless it is carried out under the U.N. banner.

Choe said the South Korean Government has not been asked by the United Nations to send troops to the Mideast in connection with the Gulf crisis. Testifying in the National Assembly Committee for Foreign Affairs and National Reunification, Choe said, "It is not proper to talk now about the question of whether to send our troops as no resolution has been adopted (by the U.N.) for military sanctions against Iraq.

"If the United Nations resolves to take military sanctions against Iraq, we will cautiously consider the matter (of sending troops) then." Opposition leader Kim Tae-chung recently warned against the possibility that the U.S. Government may ask South Korea to join the multinational blockade of Iraq.

Touching on the security of South Koreans in Iraq and Kuwait, he said they would be evacuated from the warring nations on Aug. 17-20 through Jordan, and that the first batch of them would number more than 200, Choe said. A total of 314 Korean workers employed by the Hyundai Construction Co. Are expected to reach the Jordanian border on Monday, he added.

Answering questions about Seoul-Moscow ties, he said, "Diplomatic relations are usually set up before any two countries engage in economic cooperation. But we are trying to settle both political and economic relations with the Soviet Union simultaneously." He refused to confirm the reports that Russian Republic President Boris Yeltsin would visit Seoul within this year, saying he knew about it only from mass media reports.

Returning from a Soviet trip, former state minister for political affairs Pak Chol-on said Wednesday Yeltsin would visit South Korea within this year.

No Change in Oil Gas Prices

SK1608024790 Seoul YONHAP in English 0244 GMT 16 Aug 90

[Text] Seoul, Aug. 16 (OANA-YONHAP)—The government will peg prices of heating oil and gasoline at current levels for the rest of the year despite soaring international crude oil prices, the Energy and Resources Ministry said Thursday.

If prices rise to 25 U.S. dollars a barrel, Korea's bill for crude oil will expand by 521 billion won (728.7 million dollars) in the fourth quarter and 2.239 trillion won (3.13 billion dollars) in 1991, the ministry said. A dollar per barrel hike would raise wholesale prices 0.44 percentage points and consumer prices 0.8 percentage points and have a 5 percent cost-push impact on domestic oil prices, officials at the ministry said. Crude prices, which averaged 18 dollars a barrel before Iraq's invasion of Kuwait, are expected to be 22 dollars to 24 dollars for the rest of the year and 21 dollars to 23 dollars next year, according to a forecast by the Korea Institute for Economics and Technology.

The ministry estimates the additional cost of oil in the final quarter will be 230 billion won if crude prices rise to 21 dollars, 370 billion won for 23 dollars and 521 billion won for 25 dollars. For the whole 1991, the additional burden will be 1.119 trillion won if crude prices are 21 dollars, 1.679 trillion won for 23 dollars and 2.239 trillion won for 25 dollars, the officials said. The ministry said it will not

raise domestic oil prices this year, carrying the additional burden with the petroleum business fund and other buffer funds.

The ministry will take comprehensive measures in the first half of next year, taking changes in the Gulf situation into account. It plans to reflect part of the cost-push factors in domestic oil prices after mitigating the shock by lowering import tariffs and using buffer funds, according to the officials. In order to offset the shortage stemming from the suspension of imports from Iraq and Kuwait, the government plans to import more from other sources.

To make up the lost 75,000 barrels a day, the government will import Korea's entire share of crude oil from overseas oil fields that Korean firms are developing with foreign countries, including the Marib field in North Yemen [as received], and 25,000 barrels a day from Mexico. The ministry will have Ssangyong and Kyungin Energy Co. Increase crude oil imports from Iran and Oman.

If the Gulf situation deteriorated and buying crude oil became impossible, the government might release stockpiled oil. Korea has reserves of 95.2 million barrels, including crude oil stockpiled by the government and refining companies and oil derivatives. The amount is enough to last 104 days, sources said. The ministry will finalize energy conservation plans this month. The measures could include imposition of a new tax on gasoline, restriction of construction of buildings that consume a lot of energy and imposition of heavy excise taxes on large capacity electronics products, including air conditioners.

Communist Markets Examined

SK1608014190 Seoul YONHAP in English 0135 GMT 16 Aug 90

[Text] Seoul, Aug. 16 (YONHAP)—South Korean exporters are turning to China, Eastern Europe and other communist countries to take up the slack left by the suspension of trade with Iraq and Kuwait.

Twenty businessmen will visit China on Aug. 26 to seek buyers for their goods as the tab for lost trade in the Gulf has already reached some 1.3 billion U.S. dollars.

"The industry will push ahead with marketing its products in socialist nations with which South Korea has ties or is seeking to establish ties," an industry source said Thursday. Hungary became the first communist country to normalize relations with Korea in February 1989, since when it has been joined by Mongolia, Romania, Poland and other Eastern European countries.

"Economic cooperation organizations have been, or are being, set up with the seven nations, and Korean exporters hope this will help them sell their products," the source said. Exporters will participate in international trade fairs and open branch offices in socialist nations to revive sales, the source said.

Seoul To Propose Office Exchange With North

SK1708115290 Seoul YONHAP in English 1139 GMT 17 Aug 90

[Text] Seoul, Aug. 17 (YONHAP)—South Korea will raise the exchange of permanent representative offices and the conclusion of peace treaty as official agenda items in the inter-Korean prime ministers talks slated to open in Seoul on Sept. 4, Unification Minister Hong Song-chol said Friday.

Hong also said, "I think North Korea would come to the high-level talks since it has something to say and in light of the worldwide attention drawn to the meeting." He was commenting on reports of renewed North Korean propaganda offensive which is accepted by observers here as a move apparently aimed at scrapping the high-level talks.

While meeting with a group of local journalists, Hong said he was confident that the prime ministers talks would become an opportunity for the Korean people to take "a step forward" in their bid to overcome the problems originating from the division of the peninsula.

"It is our position that the Korean people should solve one by one the problems of division starting from such easy one as the reunion of the separated families," Hong said. Touching on the abortive plan for exchange of people to mark the 45th anniversary of Korean liberation from Japanese colonial rule, the top architect of the nation's unification policy said, "We failed to achieve something with the proposal but it was not necessarily a vain effort. We would continue knocking at the door and the door will certainly be opened after all."

He said the South Korean Government would not merely continue official dialogue but also behind-the-curtain contacts with the North with a view to realizing the exchange of people.

Government Promises More Reunification Efforts

SK1608053690 Seoul YONHAP in English 0510 GMT 16 Aug 90

[Text] Seoul, Aug. 16 (OANA-YONHAP)—South Korea will continue efforts to realize free inter-Korean travel even though the "grand exchanges of people" proposed by President No Tae-u fell through, National Unification Minister Hong Song-chol said Thursday.

Addressing a consultative session of government and ruling party officials, Hong said free cross-border travel was an integral part of the co-existence of the two Koreas. He accused the North of attempting to form a unified front by staging a so-called pan-national rally, saying tactics like that could not help improve relations between South and North Korea.

Members of the Democratic Liberal Party said the government should share the blame for the aborted

cross-border travel Monday-Friday, and called on the government to follow a consistent unification policy so as not to confuse people.

Turning to events in the Middle East, Energy and Resources Minister Yi Hui-il said the government will maintain domestic oil prices at current levels to prevent inflation even though crude oil prices rise in the wake of Iraq's invasion of Kuwait. The government is taking comprehensive measures to cut energy consumption to cope with oil price hikes, Yi said.

Construction Minister Kwon Yong-kak said the government is seeking, through consultations with the Iraqi Government, to evacuate Koreans from Iraq by land if transportation by air is impossible. More than 1,000 Koreans are in Iraq, most working on construction projects.

On economic issues, Deputy Prime Minister Yi Sung-yun said the inflation rate could be held below 10 percent this year if international oil prices stay below 22 U.S. dollars a barrel. Yi, who is also economic planning minister, hinted at the possibility of a second supplementary budget of 2-3 trillion won (one dollar is about 715 won) to cover a deficit in government revenues. He said the government will not resort to stopgap measures to revive the stock market but will instead restrict the supply of new shares and expand the stock market stabilization fund.

The meeting was attended by all members of the DLP Party Affairs Committee, including Executive Chairman Kim Yong-sam and co-chairmen Kim Chong-pil and Pak Tae-chun, Foreign Minister Choe Ho-chung, Finance Minister Chong Yong-ui, Agricultural, Forestry and Fisheries Minister Kang Po-song and Trade and Industry Minister Pak Pil-su.

Ministry Official Views North's Letter to UN

SK1708002390 Seoul THE KOREA TIMES in English 17 Aug 90 p 1

[Excerpts] North Korea has strongly suggested that the inter-Korean prime ministers' talks slated for Sept. 4 in Seoul, might be endangered by what it claims is new tension created by South Korea and the United States.

In a letter to the United Nations Security Council [UNSC], North Korean Ambassador Pak Kil-yon argued that South Korea and the United States have increased military artillery on the Korean peninsula since July 26, the very day when negotiators from the South and the North were making arrangement for the prime ministers' talks. [passage omitted]

A senior official at the Foreign Ministry said that North Korea has sent letters to the international organization several times before but it might be the first time that it has demanded the UNSC use its influence in inter-Korean affairs. He presumed that the North might be inclined to cancel the prime ministers' talks citing the military "beefup." Pyongyang has in the past called off formal contacts with Seoul in the spring under the pretext that the annual South Korea-U.S. military exercise, Team Spirit, held in March, threatens its security.

"The letter makes us suspect that the North is staging a propaganda war to have the South blamed internationally in case of the cancellation of the high-level meetings, ever between Seoul and Pyongyang which fought a bitter war in 1950-53," he remarked.

In a letter to the UNSC in the name of its Amb. Hyon Hong-chu, the South will deny Pak's allegation as totally groundless and emphasize the need for mutual cooperation to make the projected prime ministers' talks a success, the official said. The letter will feature South Korea's efforts to reduce tension including a sharp reduction in the size of a war game, called Command Post Exchange involving civilians and military servicemen this month, and President No Tae-u's July 20 declaration for free travel during this week.

"We will be very cautious in order not to give the North any cause for the nullification of the accord on the prime ministers' talks," he added. The next prime ministers' talk is due for the middle of October in Pyongyang. They will take place in the capital cities alternately thereafter. A diplomatic observer viewed that North Korea's letter might be aimed at escaping from the increasing sense of isolation as the establishment of full formal ties between Seoul and its longtime ally, Moscow, appear imminent.

North Korean Film Center Shows DPRK Movies

SK1508011090 Seoul THE KOREA HERALD in English 15 Aug 90 p 14 (supplement)

[By staff reporter Song Chong-tae]

[Text] Information about north Korean films can be obtained easily at the Information Center for North Korea as the center presents north Korean films and is open to the public.

"People Who Reclaim a Track From the Sea," a north Korean film, was screened at the information center's audio-visual room July 27 as part of the government policy to introduce the movies of north Korea to south Korea. The Unification Board designated the last Friday of every month as the day to screen north Korean films earlier this year. Up to now, five north Korean movies have been shown to the public on the day of screening since March. This article is about north Korean films and the north Korean government's policy on movies.

An official who works in the information center, located inside the Kwanghwamun Post Office, said the north Korean government has regarded films as the most effective method to propagandize its political and social policy. The official said on condition of anonymity, "North Korean films are a form of propaganda of the Communist Party after than a genre of art." [sentence as published]

It was revealed in a message by north Korean President Kim Il-song. [sentence as published] The message, released by the information center for north Korea, reads, "Even though various styles of art are required to educate our laborers and youths, films and novels should be emphasized, especially good movies should be made to educate our people." The information center for north Korea said Kim Chong-il, son of President Kim, is an ardent film fan.

"Kim Chong-il once served as the chief of the propaganda and instigation department of the Communist Party, Nodongdang, and chief of the art department in the party," said the official. The center, a branch office of the Unification Board, said, "The second highest-ranking and would-be heir Kim Chong-il is in charge of the entire film process, writing of scenarios, casting, choosing directors, production and distribution of films."

"Theory of Film Art," written by Kim Chong-il in 1973, is a guide to north Korean film policy and film production since the mid-1970s. All motion picture people in north Korea must join the Choson Motion Picture People Union, a branch of Literature Art Union, and follow the instructions and supervision of the Communist Party Culture Art Department. So north Korean films can be made when the material and theme of the films are matched with the policy of the party. The writing of scenarios and shooting plans must be authorized by the party culture art department.

Last year, 19 dramatic motion pictures were produced including the "People Who Are Remembered at Heart" series in north Korea, while seven documentary motion pictures were made in north Korea. There are four production companies: Choson Art Film Studio, Choson 2.8 Art Film Studio, Choson Documentary Film Studio and Choson Science Education Film Studio.

Choson 2.8 Art Film Studio, affiliated with the military forces, has made war-oriented movies, while three other film studios belong to the Culture Art Department. North Korean films are classified as dramatic motion pictures, documentary motion pictures, motion pictures for science and medicine and motion pictures for children.

Dramatic motion pictures have been produced by Choson Documentary Film Studio, while motion pictures for science and motion pictures for children have been made by Choson Science Education Film Studio.

The system of movie distribution has a nationwide network in north Korea because the north Korean government regards the film industry as the most important method of spread the policy of the Nodongdang and revolutionize the people, the official at the center said. The film distribution company controls the screening of films for the people.

The supplying company has built movie houses the nation, put movies on screen and forced people to debate the movies in every office, farm and factory. People are obliged to discuss how to apply the contents of the movies to real life.

The center quoted a report by north Korean media as saying each person is obliged to view about 25 films per year. A movie house is located in each region in urban areas, which is divided into "dong," and a movie house has about 200-500 seats. In rural areas, movies have been screened at cultural centers run by local authorities, boys halls and film facilities in factories and farms.

Movies houses open at 1 p.m. and close at 7 p.m. Saturday, while cinemahouses open at 10 p.m. and close at 7 p.m. Sunday. The admission fee for a foreign movie is 50-60 jun, while the fee for a domestic film is about 40 jun.

Television broadcasts a film already screened at movie houses at 7 p.m. everyday. However, political propaganda or revolution-oriented films don't attract much attention from people in North Korea.

The center said, "Non-political films are popular among the people. 'Love, Love, My Love,' a non-political film directed by Sin Sang-ok, drew the largest audiences." Sin was abducted to north Korea by north Korean agents and he escaped from north Korea a few years ago.

The official said, "A north Korean film per month has been screened at the center. But in advance the number of north Korean films can be broadened according to developments between south and north Korea." Anyone who wants to see a north Korean movie at the center must make a reservation because the center has just 100 seats. The official said audiences have been varied—10 percent white-collar workers, 10 percent students and public service personnel and housewives.

New Soviet Consul General on Bilateral Ties

SK1708120390 Seoul YONHAP in English 1147 GMT 17 Aug 90

[Text] Seoul, Aug. 17 (YONHAP)—South Korea and the Soviet Union will normalize relations in the near future but the timing could be sometime next year, the first Soviet consul-general in Seoul said here Friday.

"I'm confident that the bilateral relations will be normalized in the near future as political and economic ties are developing well... However, I can't say the two countries will set up diplomatic relations within this year. I don't think the question of diplomatic ties and economic cooperation should be resolved at the same time," said Loengrin Eremenko.

Arriving at Kimpo International Airport on an Aeroflot jetliner, the career diplomat, who is said to be well-versed in Korean affairs, told reporters the two countries should prepare for the normalization of ties "without a hurry." He used the Korean language in entertaining reporters' questions. Eremenko, 60 was Korean affairs chief in the Korea-Mongolia division of the Foreign Ministry's Socialist Countries of Asia Administration when he was named consul general in Seoul last month.

In promoting ties, South Korea and the Soviet Union should try not to harm their respective relations with North Korea,

and the Soviet Union hopes to see "good relations" between South and North Korea, he said. Asked about the Soviet stance on Korea's admission into the United Nations, Eremenko said, "South and North Korea may join the United Nations in one way or other only if they agree. We don't have any plans about what we'll do if only South Korea applies for a U.N. membership."

As for news reports that Soviet Foreign Minister Eduard Shevardnadze would visit Pyongyang on his way home from Tokyo, he said, "I've heard so, but I don't have clear knowledge of it."

The Soviet consular department in the city air terminal building in Samsong-tong, southern Seoul, has been run by Anatoliy Sirotyuk with Consul O. Kireev and Vice Consul Gennadiy Isaev since March 17. Eremenko will visit the South Korean Foreign Ministry early next week before starting his regular works.

He majored in Korean language at Department of Oriental Studies, Moscow University, and served at the Soviet Embassy in Pyongyang in 1964-67 and 1969-71. At Moscow University's Institute of Oriental Studies, he studied Korean sirak (pragmatism) scholar Pak Chi-won (1737-1805) in depth.

More on Shevardnadze's Projected DPRK Visit

SK1108002990 Seoul THE KOREA TIMES in English 11 Aug 90 p 1

[Text] Soviet Foreign Minister Eduard Shevardnadze will visit Pyongyang on Sept. 7 after his visit to Japan scheduled for Sept. 5-7, it was learned yesterday. Informed government sources said the visit to Pyongyang was confirmed through diplomatic channels.

The purpose of his visit was not made available. However, the visit is viewed as not so much for "fence mending" as for "lecturing." The relationship between the two nations has taken a drastic change for the worse, evidenced by the summoning back of their respective ambassadors.

North Korea has openly criticized the Soviet Union for its approach to South Korea, which is evident in the wake of the San Francisco summit between No Tae-u and Mikhail Gorbachev. The source said Shevardnadze will attempt to assuage the ill feeling of North Korea in connection with imminent diplomatic ties with South Korea. However, the same sources said that he will warn against North Korea's anachronistic policy which is counter to the wave of openness sweeping through the world.

He will also ask North Korea to carry on dialogue with South Korea, which suits the policy of Gorbachev. According to the sources, North Korea will be pressured to subscribe to the international nuclear safety accord, which it has refused to sign. Shevardnadze's North Korean trip is significant because it comes at a time when relations between Moscow and Pyongyang are experiencing difficulties, the newspaper said.

Richard Solomon, assistant secretary of state for East Asian and Pacific affairs, told South Korean officials this week that the Soviet Union has promised to pressure North Korea to accept an international inspection of its nuclear facilities, Foreign Ministry officials said.

Kim Chong-in Interviewed After Visit to Moscow

SK1108121490 Seoul CHOSON ILBO in Korean 10 Aug 90 p 2

[Interview with Kim Chong-in, senior presidential secretary for economic affairs and head of the Korean delegation which visited the Soviet Union for the first bilateral official governmental talks, at Kimpo Airport on 9 August, by reporter Cho Yong-taek]

[Text] Kim Chong-in, senior presidential secretary for economic affairs, headed the Korean delegation for the first official governmental talks between Korea and the Soviet Union on the issue of Korea-Soviet economic cooperation and of establishing diplomatic relations. The talks began on 2 August in Moscow. Upon his return, it seemed that he was generally satisfied with the results of the visit to the Soviet Union.

Following is the interview with Kim Chong-in which was held at Kimpo Airport:

[Cho] What was the most important outcome of the visit to the Soviet Union?

[Kim] The most important outcome of the visit was the official agreement to settle the issue of economic cooperation and the establishment of diplomatic relations simultaneously, which is of great interest to the people. Contrary to our worries, it was possible to reach this agreement smoothly and in a congenial atmosphere because of the thorough preparations made by the Soviet side.

[Cho] When will the announcement be made on the establishment of diplomatic relations between Korea and the Soviet Union?

[Kim] It is difficult to say when for certain. However, since both sides held sufficient discussions on the matter of mutual interest in the first talks, I believe that after the working-level contacts are held in late August or early September, this will be announced during the second talks in Seoul.

[Cho] Before establishing diplomatic relations, are there any plans to conclude an agreement on guaranteeing investment?

[Kim] During the talks in Moscow, we presented to the Soviet side the draft of six agreements, including the agreement on guaranteeing investment. The Soviet side plans to examine the agreements and hold discussions on this matter in the working-level talks. I believe that there is a high possibility of establishing an agreement on guaranteeing investment in the second talks which will be held in Seoul in mid-September or late September.

[Cho] It has been learned that the Soviet Union suggested 22 projects such as the petrochemical industry, paper industry, and the automobile assembly plant, as desired areas for economic cooperation. Were tangible discussions held on this matter?

[Kim] The Soviet Union did not specifically request projects yet. I believe that after this issue undergoes examination on the possible fields to carry out economic cooperation between the two countries, there will be further discussions on projects that we can carry out.

[Cho] In relation to consumer goods, did the Soviet Union request a loan or mention specific areas for economic cooperation?

[Kim] The Soviet Union did not request a loan. During our visit to the Soviet Union, we explained in detail the real situation of our economy. The Soviet Union was assessing our economy exceedingly positively. Therefore, we emphasized that our economy was not as strong as viewed by the outside.

[Cho] If private businesses want to extend their businesses to the Soviet Union, what will the favorable fields be?

[Kim] I felt that we were attempting to rush into fields which the Soviet side did not have much interest in.

It is a mistake to make hasty approaches just to obtain a short- term economic interest. We must calmly assess the Soviet economy and take prudent measures in the method of carrying out economic cooperation. Especially, I believe that when considering economic cooperation we must not ignore the political situation, such as North-South relations.

[Cho] Is there a possibility of importing Soviet crude oil?

[Kim] We did not talk about this directly. I felt that geographically it would be very difficult to import Soviet crude oil.

[Cho] What is the best direction for private business to extend its businesses in the Soviet Union?

[Kim] In the past, there was only talk about private businesses advancing into the Soviet Union. In reality, only a handful of private businesses have started business in the Soviet Union.

If private businesses advance into the Soviet Union carelessly without any prior knowledge of the Soviet economy, I believe that this will bring about a negative influence nationally.

[Cho] Many people think that among the 40 consumer goods which the Soviet Union hopes to import, many products can be imported right now. Were there discussions on how the dealings of these products will be carried out or on the method of settling its accounts?

[Kim] Tangible methods were not discussed. First of all, our businesses must finish examining which products can be exported. There will be working-level negotiations on this matter between the two countries as soon as our side finishes examining this matter.

Gorbachev, Samaranch in Lead for Peace Prize

SK1508015390 Seoul YONHAP in English 0129 GMT 15 Aug 90

[Text] Seoul, Aug. 15 (OANA-YONHAP)—International Olympic Committee [IOC] President Juan Antonio Samaranch and Soviet President Mikhail Gorbachev are top candidates for the first Seoul Peace Prize, to be announced Aug. 31, prize committee officials said Wednesday.

The committee, chaired by former South Korean Ambassador to the United States Kim Yong-sik, pared a list of more than 40 nominees down to 10 at a meeting Monday, the officials said. Samaranch is the favorite, one committee member said, his name having been put forward by more than half of the 144 groups and individuals asked to make nominations. Gorbachev is also a front runner for his decision to send the Soviet Olympic Team to the Seoul games, bringing athletes of East and West together after boycotts at the two previous Olympics.

The Seoul Peace Prize, commemorating the 1988 Seoul Olympics, where a record number of 168 nations participated, will be given to its first recipient in September. The 15-member prize committee asked for recommendations from 551 individuals and groups from April and had received nominations from 144 as of the end of July.

Mario Vasquez Rana, head of the Association of National Olympic Committees, Joao Havelange, president of the International Football Federation, and Primo Nebiolo, chief of the International Amateur Athletic Federation, were other candidates in the sports-related category.

Non-sports nominees included South African human rights activist Nelson Mandela, U.N. Secretary-General Javier Perez de Cuellar and former U.S. President Jimmy Carter. The IOC and Seoul Olympic Organizing Committee are some of the nominated organizations, the officials said. Candidates not associated with the sports world are likely to be dropped, which may make Samaranch a virtual certainty. The prize committee will meet again on Friday to select three finalists.

Kotra Plans To Build Trade Center in Moscow

SK1408065490 Seoul YONHAP in English 0629 GMT 14 Aug 90

[Text] Seoul, Aug. 14 (OANA-YONHAP)—The state-run Korea Trade Promotion Corp. (Kotra) is moving ahead with plans to build a trade center in Moscow on the basis of a positive response from the Soviets in recent official talks between the two governments, Kotra officials said Tuesday.

Details remain to be sketched in, but they said Kotra envisions a multi-purpose hotel, office and exhibition complex that will provide support for Korean companies doing business in the Soviet Union. It will have a marketing

information center and general service center to provide Korean companies with information on marketing and investing in the Soviet Union, and will offer training and education of trade officials, translation and interpretation and secretarial services.

The officials said the Moscow trade center is likely to follow the same basic blueprint as the Eurasia Business Center Kotra is to build in Amsterdam. Construction of the Amsterdam center will begin in October for completion in March 1993 at a cost of 150 million U.S. dollars, including 35 million dollars in paid-in capital.

Korean companies will invest 80 percent of the paid-in capital while two Dutch banks will invest 20 percent. Semo Co. Will put up 45 percent, and Daewoo and Hanil Synthetic Fiber Ind. Co. 10 percent each. Two Dutch banks—Armo and NMB—will invest 10 percent each and the remaining 20 percent will be borne by Kotra and the Korea Institute of Industrial Development, a Kotra official said. A 25-story office building, a 20-story hotel and a three-story exhibition building will be built on a site with a floor space of 90,000 square meters. The trade centers in Moscow and Amsterdam will greatly reduce the difficulty of doing business in the European Community and the East Bloc, including the Soviet Union.

'One-Sided' Relations With PRC Criticized

SK1508004690 Seoul THE KOREA HERALD in English 15 Aug 90 p 8

[Editorial: "China Rush"]

[Text] There is a great rush of Korean visitors to China these days. A total of 8,000 Koreans were reportedly booked at hotels in Yanji in Jilin province in one recent month. Over 50,000 people desire to go to China this fall to see the Asian Games in Beijing, according to tourism sources.

Officials, businessmen and scholars are, of course, among the travelers going there for serious purposes. But most of them are casual visitors wishing to see the sights and do some shopping in that heretofore inaccessible country on mainland Asia. The number of applicants for visits on the occasion of the upcoming Asiad is nearly ten times that projected by the government at first.

As things stand, these developments give more bad news than good news. Beijing, which had appeared to be quite receptive and sympathetic to Seoul's cause at the time of the Seoul Asian Games and the Seoul Olympics in 1988, has grown increasingly reluctant and indifferent to Seoul's plea for more positive relations. China is balking at opening even trade offices, imposing unfavorable tariffs on imports from Korea. The overall volume of exports from Korea in the first half of the year dropped 14 percent from the comparable period last year. Our interest in greater cooperation with China is one-sided at the moment.

Being part of trade, travel business should also be reciprocal and balanced. Moreover, the nation can hardly afford to have so many tourists spend money there without restraint. Both the deluge of Korean travelers to China and their indiscreet behavior while there deserve due limitation and refinement.

Romania's President Iliescu May Visit in Nov

SK1608011790 Seoul YONHAP in English 0040 GMT 16 Aug 90

[Text] Seoul, Aug. 16 (YONHAP)—President Ion Iliescu of Romania may visit South Korea in November on his way to or from Tokyo, where he will attend coronation ceremonies for Japanese Emperor Akihito, it was reported here Thursday.

"I hope my forthcoming visit to Japan be connected to a chance of visiting Korea," said Iliescu in an exclusive interview with THE KOREA HERALD in Bucharest. Negotiations are under way between Seoul and Bucharest on the Romanian leader's visit to Seoul, the English-language newspaper quoted South Korean diplomats in the Romanian capital as saying.

Iliescu would be the first head of state of an Eastern European country to visit South Korea, which set up diplomatic ties with Romania in March. The Romanian president also told HERALD correspondent Kim Hye-won that his government puts special emphasis on relations with South Korea in connection with ongoing economic reforms. Iliescu, sworn in as president of the new, democratic Romania in June, predicted that North Korea will be unable to remain as it is for long against the prevailing trend of changes and reforms, though the method of change may differ from that of other nations.

Plans To Import Sophisticated French Weapons

SK1708002590 Seoul THE KOREA HERALD in English 17 Aug p 3

[Text] In a move to diversify import sources of arms, Korea will buy French-made weapons, including battle tanks and ATLIS (Automatic Tracking Laser Illumination System) aircraft for antisubmarine warfare, Defense Minister Yi Sang-hun said yesterday.

Yi said Korea and France will sign a memorandum of understanding (MOU) sometime next year to facilitate imports of sophisticated weapons from the European country. Speaking to reporters, Yi noted he signed a letter of intent on cooperation between the French and Korean defense industries with French Defense Minister Jean-Pierre Chevenement in Paris last July 31. He recently visited France, West Germany and Indonesia. Usually, he said, MOU is exchanged one year after the letter of intent is signed.

So far, Korea has signed an MOU with three countries, the United States, Italy and Malaysia, with regard to cooperation in defense industries, the minister said. Letters of intent have already been exchanged between Korea and two other countries, Britain and Spain, he said.

"We would purchase sophisticated weapons from advanced countries and learn their high technology as well," he said. "Likewise, we want to sell weapons to developing countries and provide high technology to them." Yi said he believes French weapons provide advantages to Korea over those of any other advanced countries because Korea can easily adopt France's developed arms technology. "Some French-made weapons are excellent, I think, and France is little influenced by the United States when it markets its sophisticated weapons to foreign countries," said the minister. Korea will also sign a letter of intent on munitions with Indonesia next year, he said.

"Indonesia wants Korea to support its maintenance and munitions sectors. I think the Indonesian market for Korean defense industries is very promising because defense goods account for only $3 million of Korea's entire exports of $500 million to that country," Yi said. He denied rumors that Seoul is selling some first-aid medicines and ammunitions to Iraq, but said the country has been selling K-2 rifles to several countries. The United States has claimed Korea violated an agreement on the transfer of technology, the minister said.

"I think parts and components of any single weapon can be replaced with new ones through the development of technology. The K-2 rifles were developed by Korean technology," one ministry official said.

Minister Yi said he was shocked by the collapse of Kuwait by the heavily armed Iraqi forces in only about five hours.

"Many U.S. ground forces are moving to the Middle East currently. The forces are from the U.S., not Korea," he said. He quoted Gen. Robert RisCassi, commander of the U.S. forces in Korea, as saying that some U.S. Marines stationed in Okinawa, Japan, could move to the Middle East. He said he is concerned about north Korea's possible provocation to south Korea amid the current Gulf crisis. But he said he is reassured because U.S. forces will stay here and the south Korean military is strong enough to resist a north Korean attack for more than five hours at least.

Defense Seeks 18 Percent Increase in Budget

SK1708014190 Seoul YONHAP in English 0132 GMT 17 Aug 90

[Text] Seoul, Aug. 17 (YONHAP)—The Defense Ministry has asked the Economic Planning Board to increase the defense budget 18 percent next year, to 7.83 trillion won (10.95 billion U.S. dollars), a ministry spokesman said Friday.

The ministry earlier asked for a 24.9 percent budget increase to 8.59 trillion won, but trimmed the request after the Economic Planning Board said anything over 10 percent would be difficult to achieve. The requested increase would channel 28.9 percent of Korea's budget into defense spending, down from 29.3 percent this year. The government will submit its budget proposal to the National Assembly in September.

"Of the 1.19 trillion won increase, about half will be used for pay raises, 300 billion won will be spent on combat capability improvement and the balance will be used to renovate barracks and improve the quality of food," the spokesman said. The ministry will discuss its budget request with the ruling Democratic Liberal Party on Aug. 22.

Ministry Unveils Technology Development Plan

SK1708022990 Seoul YONHAP in English 0215 GMT 17 Aug 90

[Text] Seoul, Aug. 17 (OANA-YONHAP)—A five-year technology development plan to hike the international competitiveness of the manufacturing industry was unveiled by the South Korean Government on Friday.

It proposes spending 2.04 trillion won (2.853 billion U.S. dollars) to develop 153 technologies in 20 categories in the five-year period beginning next year. According to the Trade and Industry Ministry, the plan covers 32 technologies such as heat processing, casting and welding, and 74 technologies for the production of high value-added products such as semiconductors, ultra-precision technology and sensor technology.

Among 47 technologies to be developed in the last stage of the five-year plan are high-definition television, "next-generation" facsimile machines and robots with artificial intelligence. The ministry will boost investment in science and technology from the current 2.2 percent of the gross national product (GNP) to 3 percent in 1994. It will raise spending on science and technology from the state treasury from 2.9 percent of the budget this year to 4 percent in 1994 and lead businesses to raise their research and development spending from 1.5 percent of turnover to 3 percent.

The ministry drafted the five-year plan after concluding that the only way to make Korean products competitive in international markets in a short time was to support the development of technology. Business conditions have deteriorated in recent years due to wake hikes and trade friction, which slowed GNP growth from 12.7 percent between 1986 and 1988 to 6.7 percent last year. Manufacturing industry growth dropped from 126.8 a percent to 3.7 percent in the same period, while export growth fell from 36.2 percent in 1987 to 2.8 percent last year.

Burma

Politician Charged for 'Instigating' Students

BK1508150590 Rangoon Domestic Service in Burmese 1330 GMT 15 Aug 90

[Text] Acting on information that anti-government documents are illegally being distributed in Kayan township and that students are being recruited to form the Kayan High School Students Union as well as to create disturbances, the appropriate authorities brought several youths in for interrogation on 3 August. Among those summoned were U San Lin, 42, patron of the Democratic Party for New Society [DPNS], and son of U Tin Aye of No. 148, Pyidawtha Street, Kayan; Ohn Than, ninth standard student of Kayan State High School and son of U Khin Maung of No. 37, Strand Road, Kayan; and Saw Tun Kyaw, ninth standard student of Kayan State High School and son of U Tin Nyunt of No. 183, Aung Dhamma Yeiktha Road, Kayan.

After the investigation, it was learned that U San Lin attended a meeting at the DPNS Headquarters on 29 July which discussed the formation of high school unions and the assistance that DPNS can render to them since high school students are the backbone of the party. The concept was agreed upon in principle, and following his return to Kayan, U San Lin met with the students at the Naypyidaw movie theater to recruit them.

At the meeting, according to the arrangement made by U San Lin, a high school student leader from Yangon [Rangoon] spoke about the union, and the Kayan High School Students Union was formed with assistance from the DPNS. The union was formed with a central executive committee, a news and information committee, and an organizing committee. Each committee had as a member a student who was a hardcore DPNS member.

Following the establishment of the students' union, it was controlled behind the scenes by the DPNS, Kayan branch, and anti-government papers were published and distributed. A meeting was also held to stage disturbances at the schools. Therefore, legal action has been taken against U San Lin for instigating the students and children into forming illegal associations and creating disturbances. The appropriate authorities have handed over to the parents the students and youths who were recruited by U San Lin.

It has been learned that authorities will continue to take action and expose the unscrupulous people who, from behind the scenes, have been instigating the students to create disturbances to disrupt the students' peaceful study.

Minister Warns Against Prison 'Rescue Attempts'

BK1408151790 Rangoon Domestic Service in Burmese 1330 GMT 14 Aug 90

[Excerpts] The biannual meeting of the Prisons Department for 1990 opened at 0930 in the conference hall of the Ministry of Home and Religious Affairs. Lieutenant General Phone Myint, minister of home and religious affairs and information and culture, delivered a speech at the meeting. [passage omitted]

Addressing the meeting, Ministry Lieutenant General Phone Myint called on the director general and all the top officials of the Prisons Department to review the shortcomings and the strong points of past performances and to strive to transform weaknesses into strengths and at the same time to improve upon the already strong points.

He said security was the most important factor for prisons. At the same time, efforts must be made to consolidate unity within the department. Without unity, all sorts of problems can arise within the department. Whenever one performs his duties, he must always bear in mind the objectives of the State Law and Order Restoration Council and the Defense Services government as well as the three major tasks—to prevent the disintegration of the Union, to prevent national unity from disintegrating, and to perpetuate the sovereignty.

It is essential that unity and fairness prevail within the Prisons Department. Responsible officials should look after the relief and welfare of the lower ranking staff workers. It is also vital to have good relations with the other departments.

In conclusion, I wish to particularly remind you that destructive elements have been resorting to all means and interfering in our country. This being the case, they will try to use all methods to try to free the prisoners being detained. Rescue attempts can take place by using explosives and through contacts between people outside and inside. Impersonating and demanding to be let out of prison gates will happen. Such instances must be investigated very carefully. Whoever that person may be, it is essential to conduct a careful examination and to do one's assigned duties. [passage omitted]

Brunei, Malaysia & Singapore

Malaysia

Trade Minister on Bush Action on GSP Benefits

BK1708042890 Kuala Lumpur BERNAMA in English 0316 GMT 17 Aug 90

[Text] Kuala Lumpur, Aug 17 (OANA-BERNAMA)—President George Bush has rejected the petitions of three United States labour movements which had sought to remove Malaysia's privileges under the Generalised System of Preferences (GSP).

Malaysian Trade and Industry Minister Rafidah Aziz told BERNAMA late Thursday that President Bush signed the letter rejecting the petitions Thursday.

The three labour movements—the International Labour Rights Education and Research Fund, the American

Federation of Labour and Congress of Industrial Organisations (AFL-CIO), and the International Brotherhood of Electronic Workers (IBEW)—had filed petitions with the U.S. Trade Representative Office claiming lack of basic workers rights in Malaysia.

Rafidah said that she was informed of the matter by a ministry official who contacted her from Washington.

"The rejection of the petitions means that Malaysia now no longer faces any issue arising from the GSP and will be able to continue enjoying the facilities offered under the GSP," she added.

Normalization of Sino-Indonesian Ties Viewed

BK1308143990 Kuala Lumpur NEW STRAITS TIMES in English 10 Aug 90 p 10

[Editorial: "Historic Reconciliation"]

[Text] Two Asian giants have become friends again after nearly a quarter century of acrimony and dissension. China and Indonesia officially resumed diplomatic relations when their Foreign Ministers Qian Qichen and Ali Alatas signed a memorandum of understanding (MOU) in Jakarta a couple of days ago to seal their historic reconciliation and put their bitter past behind them. The signing was witnessed by President Suharto and Chinese Prime Minister Li Peng. The rift between these two nations had occurred after an abortive communist coup attempt in Jakarta in September 1965, and bilateral relations had struck rock bottom shortly afterwards in the whirlpool of China's Cultural Revolution.

It has been reported that President Suharto's meeting with Mr Qian in Tokyo (both attending the funeral of Emperor Hirohito) in February last year had finally set in motion the long-stalled process of diplomatic normalisation. When Mr Qian conveyed Beijing's pledge of non-interference in Indonesia's domestic affairs, President Suharto was reported to have responded favourably to the overtures to end their protracted estrangement. After nearly one and half years of negotiations which got off early last year, both sides finally agreed, about a month ago, to mend their fences. The momentous decision for the resumption of diplomatic ties was reached during the breakthrough talks between the Foreign Ministers of the two countries who met in Beijing early July. The Chinese Premier readily accepted Indonesia's invitation to make a goodwill visit to Jakarta to mark their restoration of friendship.

Although China has been reported to be more eager to make it up, reconciliation was a matter of time (or timing), and inevitable in the nature of international relations. Recent developments in the world have again shown that no man-made barriers can be permanent, and that no nation (not even a so-called superpower) can escape from the ineluctable law of change. With the collapse of communism in Eastern Europe, the economic crisis and political turmoil in the Soviet Union, the end of the Cold War and the converging interest of the major powers including the US and the Soviet Union, the increasing internationalisation of national activities and endeavours as well as the growing interdependence of nations, it must be more and more difficult for any two populous nations in the same corner of the world to dissociate from each other.

Although Indonesia has been ambivalent because of its security concerns, the resumption of diplomatic relations with China has been generally, and rightly, viewed as a realistic move in the context of world developments. Defence and Security Minister L.B. Murdani has described the decision to re-establish ties with China as a timely and well-calculated move. "There are no old wounds that cannot be healed," President Suharto said at a State banquet held in honour of his Chinese guests. "It would be unjust and unrealistic if we, who are living in the present, as well as future generations, should constantly bear the burden inherited from past history."

To his credit, President Suharto has made reconciliation with his great neighbour possible after such a bitter break. His noble sentiment has been reflected by Premier Li Peng. "Let bygones be bygones," he said. "We are happy to open a new and fresh chapter on bilateral ties." The past is buried.

Apart from improving bilateral ties, the rapproachement is expected to further brighten up the political and economic landscape in the region. Following Indonesia, Singapore is expected to establish diplomatic relations with China shortly. China's support for the coming international conference on Cambodia (co-hosted by France and Indonesia) should act as a spur to the painstaking search for a comprehensive solution to the 12-year-old Cambodian conflict. China and Indonesia have also signed a fresh trade agreement to expand bilateral trade relations. China's political and economic ties with ASEAN can also be expected to be further strengthened.

Six Nigerians Arrested for Smuggling Heroin

BK1408063090 Kuala Lumpur BERNAMA in English 0418 GMT 14 Aug 90

[Text] Kuala Lumpur, Aug. 14 (OANA-BERNAMA)—Malaysian customs officers arrested six Nigerians, including a woman, on suspicion of smuggling heroin in their stomachs and rectums. The daily, NEW STRAITS TIMES, reported Monday that the customs officers seized 124 plastic pellets containing about a kilogramme of high-grade drugs and two bags believed to contain more drugs.

This is the first time Nigerians have been detained for drug trafficking in the country. The customs officers got their break Sunday while checking on the six Nigerian visitors after they had disembarked from the Bangkok-Butterworth international express train at Butterworth town in the northwestern Penang state.

The Nigerians, aged between 25 and 30, were "cleared" and allowed to catch the Kuala Lumpur-bound night mail [as received]. However, the officers also boarded the train to keep an eye on them. When the train stopped at Ipoh, 220 km from here, about midnight, the Nigerians alighted. But before they could leave the station in two taxis, the officers stopped and arrested them after finding 300 grams of heroin in a luggage bag belonging to the woman.

The suspects, who were believed to have swallowed heroin-stuffed condoms, were taken to a hospital where they underwent an X-ray examination.

A doctor who attended to the suspects found some foreign material in their stomachs. On further examination, he found more [words indistinct]. The suspects were each given a purgative pill to swallow to flush out the stomach contents.

Bank Quarterly Report Shows GDP up 11 Percent

BK1008062690 Kuala Lumpur BERNAMA in English 0402 GMT 10 Aug 90

[Text] Kuala Lumpur, Aug 10 (OANA-BERNAMA)—Malaysia's economy continued to gather momentum in the first quarter of this year with Gross Domestic Product (GDP) recording an impressive growth of 11 percent, the highest quarterly growth since 1980, Bank Negara (the Central Bank) has said. The rate compared with the GDP growth of 9.8 percent in the preceding period and 8.4 percent in the first quarter of last year, the bank added in its quarterly bulletin for March/June 1990 issued Thursday [9 August].

The Central Bank said that with the exception of the agriculture and mining sectors, all other sectors of the economy, especially manufacturing and construction, registered stronger growth during the period. The Central Bank said the more bouyant economic conditions were also reinforced by higher domestic demand as reflected in the performance of most consumption and investment indicators.

Private investment sentiment was sustained as shown by the large number of applications received by the Malaysian Industrial Development Authority for manufacturing projects involving outlays of M$9.6 billion (U.S.$1 : M$1). [as received] The value of investment projects approved was M$7.7 billion against M$2.8 billion in the preceding quarter and M$3.5 billion in the same quarter of 1989, the Central Bank said. The Central Bank added that the strong expansion in investment was translated into higher imports of capital goods which rose at a rate of 55.8 percent with sales of commercial vehicles rising significantly by 118 percent during the period.

Bank Negara said the improved economy favoured the federal government's financial position which realised a substantial surplus of M$2.908 billion in its current account against M$2.049 billion in the same quarter. Although development expenditure rose by 21.8 percent to M$363 million, the overall account showed a larger surplus of M$2.545 billion, significantly higher than the surplus of M$1.751 billion a year ago.

The external debt of the federal government declined further by M$422 million to M$23.8 billion at the end of March because of continued repayment and prepayment of loans and exchange revaluations gains arising from the strengthening of the ringgit against the Japanese yen, the Central Bank said. On the balance of payments, Bank Negara said buoyant domestic demand and strong private investment led to a sharper increase in imports relative to exports. As a result, the trade surplus narrowed to M$716 million from M$895 million in the preceding quarter and M$2.4 billion in the same quarter a year ago.

Gross exports increased by 19 percent to M$17.9 billion, reflecting mainly the higher exports of manufactures, while gross imports continued to rise unabated by 36.2 percent to M$17.2 billion because of higher imports of manufactured goods, especially electrical machinery and appliances, transport equipment and electronic component parts. Bank Negara also said that its net international reserves position rose further by M$733 million to M$22,392 million at the end of March.

Cambodia

Alatas Says All Factions Agree To Meet

BK1708014390 Bangkok THE NATION in English 17 Aug 90 p 5

[By Yindi Loetcharoenchok in Jakarta]

[Text] Foreign Minister Ali Alatas said yesterday that all the Cambodian factions have indicated that they will join a new round of talks here to form a transitional authority.

Ali told THE NATION in an interview that he has contacted all representatives of Cambodian factions and their replies were positive.

Aside from the Phnom Penh leader, the rest of Cambodian resistance leaders are also abroad. Prince Norodom Sihanouk is now in Beijing to prepare for a meeting of his coalition partners with Son Sann, who is now in Paris and the Khmer Rouge leader, Khieu Samphan is in Africa.

Ali reiterated that the upcoming meeting of the factions here is aimed at establishing the planned Supreme National Council, representing Cambodia's sovereignty.

He said the supreme council has not yet been formed because the agreement reached to Tokyo was between the two sides led by Sihanouk and Premier Hun Sen of Cambodia.

Phnom Penh has said the outcome of the Tokyo meeting is still valid and should be implemented by linking a voluntary ceasefire to the first meeting of the council.

Ali said the date for the meeting has not been fixed yet, which can be before or after the scheduled sixth meeting of the five-permanent members of the United Nations Security Council on Aug 24-27.

The new round of meetings will be convened under the framework of the Paris International Conference on Cambodia.

In a speech to celebrate the 45th anniversary of Indonesia's independence day, President Suharto said that Jakarta will continue to take an active role in finding a comprehensive settlement to the Cambodian problem, which will need the political will of all the Cambodian leaders to succeed.

Indonesia has been acting as ASEAN's interlocutor in the Cambodian settlement. In the recent ASEAN foreign ministerial meeting here, ASEAN called on Jakarta to play the role of peacemaker.

Washington last month added a new twist to the 11-year war in Cambodia when it said it could no longer back the guerrilla coalition, which represents Cambodia in the United Nations, because it included the internationally condemned Khmer Rouge.

Party Chapter of Trade Ministry Holds Meeting

BK1608174590 Phnom Penh Domestic Service in Cambodian 1300 GMT 16 Aug 90

[Summary] On 15 August the Trade Ministry organized a grassroots meeting of its party chapter. Among those attending the meeting were Tang Saroem, member of the party Central Committee and trade minister; Phang Saret, alternate member of the party Central Committee, first deputy trade minister, and secretary of the party chapter committee; and Top Sam, deputy foreign minister.

Phang Saret read the draft report of the ministry's party chapter. The meeting also elected a nine-member committee of the ministry's party chapter with Kim Sithan as secretary. Addressing the meeting, Hem Samin, deputy secretary of the regional party committee of central ministries and departments, called on the newly elected members to carry out their tasks responsibly.

State Confers Awards on Vietnamese Province

BK1708061190 Phnom Penh SPK in English 0428 GMT 17 Aug 90

[Text] Phnom Penh SPK August 17—The State of Cambodia has awarded the "National Defence " order to Vietnam's Mekong River delta province of Tien Giang.

The conferment was made on August 14 in the provincial town of My Tho by Koh Heng, head of a visiting delegation of the Cambodian province of Pursat.

On the occasion, 55 cadres and experts of Tien Giang Province were also presented with distinctions of the State of Cambodia in recognition of their contributions to Cambodia's national defence and construction over the past decade.

Combat Successes in 4th Military Region Noted

BK1708062190 Phnom Penh Domestic Service in Cambodian 0430 GMT 17 Aug 90

[Text] In the second semester of 1990, the armed forces of the 4th Military Region launched 941 sweep operations against the enemies both inside and outside the perimeter of the region. As a result, our armed forces put out of action a total of 1,080 enemy soldiers killed, 19 captured, 118 others forced to surrender, and discovered 21 implanted enemy agents. They also seized 222 assorted weapons, 14 rounds of ammunition, 315 grenades, 50 mines, and a field radio; and destroyed 19 weapons.

At present, our armed forces in the 4th Military Region are attentively striving to expand their feats in carrying out their national defense tasks.

Indonesia

AFP Notes Energy Minister's Remarks on Oil

BK1508154890 Hong Kong AFP in English 1126 GMT 15 Aug 90

[Text] Jakarta, Aug 15 (AFP)—Any meeting of the Organisation of Petroleum Exporting Countries (OPEC) over the Gulf crisis should be held after world oil stocks are significantly reduced, an Indonesian official said Wednesday. "Indonesia supports any plan for an OPEC meeting, if it is held in about two weeks from now," Mines and Energy Minister Ginanjar Kartasasmita said. By that time, he said, world stocks would have fallen by at least 56 million barrels.

Prince Bandar Ben Sultan, the Saudi ambassador to the United Nations, said Monday that OPEC would meet soon to set oil prices and production levels in the wake of the August 2 Iraqi invasion of Kuwait.

Mr. Ginanjar told reporters that the time was not ripe for an immediate OPEC meeting because current high oil prices were caused more by psychological factors than fundamental supply and demand factors. He said OPEC had a responsibility in ensuring stable oil prices, but stressed that consumer countries too should shoulder the burden by drawing down on their stocks to offset supply shortages.

World oil prices soared to more than 26 dollars a barrel this week from less than 19 dollars before the Iraqi invasion.

A UN-mandated trade embargo has effectively cut off from the world markets Iraq and Kuwait's total daily production of four million barrels.

Mr. Ginanjar said global oil stocks were estimated at about 80 days of consumption. He said OPEC should help developing countries cope with supply shortages, adding that Indonesia, for its part, would give priority to oil sales to the Philippines.

The minister said the August sale price of Indonesia's benchmark Minas crude to Japan was raised to 19.19 dollars a barrel from 14.81 dollars in July. Indonesia fixes the prices it charges to Japan of its various crudes in the middle of each month, taking into account the development in the previous 30 days of five Asian crudes on the spot markets. Japan absorbs about half of Indonesia's crude oil exports of about 600,000 barrels a day.

Singapore House Speaker Calls on Suharto

BK1508103390 Jakarta ANTARA in English 0922 GMT 15 Aug 90

[Text] Jakarta, Aug 15 (OANA-ANTARA)—Indonesia and Singapore have agreed to increase frequency of exchange of delegations in order to strengthen bilateral relations between the two neighbouring countries.

Tan Soo Khoon, Speaker of the Singapore Parliament, told newsmen after paying a courtesy call on President Suharto at his Jalan Cendana mansion [presidential residence] here Wednesday that the exchange of visits between Indonesia and Singapore was not limited to the official level but also at the unofficial one.

During the call, the Singaporean speaker was accompanied by Indonesian House Speaker M. Kharis Suhud.

Tan Soo Khoon is here to lead a Singapore Parliamentary delegation which arrived here on Tuesday.

Muslim Youth Groups Demand Apology From PRC

BK1608074990 Jakarta THE JAKARTA POST in English 7 Aug 90 p 5

[Text] Jakarta (JP)—Moslem youth organizations yesterday demanded that Chinese Premier Li Peng openly apologize to the government and people of Indonesia for China's involvement in the 1965 communist coup attempt.

Li Peng, who arrived yesterday at the invitation of President Suharto, was given a red-carpet treatment. He will hold official talks with Suharto today and witness the signing of a document by the two countries' foreign ministers tomorrow normalizing official diplomatic relations which were frozen in the wake of the abortive coup.

But yesterday, only hours before Li Peng landed at Halim Perdanakusuma Air Base—which was a stronghold of Indonesian Communist Party (PKI) when it launched the failed putsch—eight Moslem youth organizations issued a statement containing their joint stance on the Aug 8 normalization of Jakarta-Beijing relations. The three-page statement said in part:

—Premier Li Peng, on behalf of the government and people of the People's Republic of China, must apoligize to Indonesia for China's involvement in the communist coup attempt of Sept 30, 1965.

—To demonstrate China's good will, the Chinese Communist Party must repatriate PKI figures and those from CGMI [Central Movement of Indonesian Students], the student wing of the PKI, as well as their accomplices, so that they can be brought to trial.

—The People's Republic of China must not (any longer) interfere in Indonesia's internal affairs.

—PRC must not revive the outlawed PKI and must not spread the communist ideology.

—PRC must not give citizenship to ethnic Chinese who have become Indonesian nationals.

The Moslem organizations also called on the Indonesian government and public "not to be carried away" by the collapse of the communist ideology in Eastern Europe and elsewhere. They said communism remained a latent danger for Indonesia and that it would still haunt Indonesia's national ideology, Pancasila.

The organizations made an emphatic call "for certain parties not to make use of the normalization for the fulfillment of their own personal or group interests, since this would create further economic and social disparities which in turn would erupt as political turmoil."

Members of the House of Representatives (DPR) generally welcomed the plan to normalize relations with China, and so far—especially since Chinese Foreign Minister Qian Qichen met with President Suharto in Tokyo in February last year—nobody has placed on record his reservations about the normalization.

Yesterday's statement by the Moslem organizations appears to have reflected the Indonesian Armed Forces' line of thinking, particularly the part on communism as a potential danger that could re-emerge in the country whenever the situation allowed.

Defense and Security Minister L.B. Murdani told a recent news conference following an economic forum that anti-Chinese feelings were still very high in the country. Responding to a question, Murdani said: "I don't want to say this but anti-Chinese feelings in this country run very high..."

Jailani Naro, former chairman of the United Development Party (PPP) and currently a deputy speaker of the House of Representatives (DPR) and People's Consultative Assembly (MPR) told THE JAKARTA POST in a recent interview China should have by now "learnt a lesson" from the absence of its official relations with Indonesia, that it would pay dearly if it interfered in the internal affairs of other countries. "I hope this was a good lesson so that the 1965 tragedy does not reoccur. And that means a lot," Naro said.

Educational TV Agreement Signed 16 Aug

BK1608131690 Jakarta Domestic Service in Indonesian 1200 GMT 16 Aug 90

[Text] A joint venture agreement on the broadcast of educational television program through the TVRI [Television of Republic of Indonesia] was signed in Jakarta today by TVRI Director Ishadi and Mrs. Siti Hardiyanti Rukmana, director of the Indonesian Education Television Company Limited. Information Minister Harmoko, who was present at the signing ceremony, said the move constitutes a concrete action to promote education.

Speaking on the same occasion, Education and Culture Minister Fuad Hassan said the educational television programs, expected to reach remote areas, will fill the gap for regions which have not been able to receive ordinary television programs. The programs are scheduled to start in 1991.

Lawyers' Group Opposes Screening of Communism

BK1508153590 Hong Kong AFP in English 1250 GMT 15 Aug 90

[Text] Jakarta, Aug 15 (AFP)—The Indonesian Legal Aid Foundation (LBH) Wednesday called for an end to a new government screening program to weed out communists, saying it stifles freedom of speech. "We are concerned and we object (to the program). We believe it should be reviewed," LBH chairman Abdul Hakim Nusantara told a press conference on the occasion of Indonesia's 45th independence anniversary Friday.

The program, known by its Indonesian acronym of "LITSUS," is open to potential abuse by the authorities, and anyone critical of the government could be classified as being under communist influence, Mr. Abdul Hakim said. "Even as I speak now," he said, "I may be regarded as being under communist influence" for criticizing the practice.

LITSUS, he said, could particularly affect people whose work often clashes with the government, such as lawyers defending people in land cases.

The government launched LITSUS last month to determine whether any civil servants or military men had been "influenced" by communism, which was banned in 1966 along with the Communist Party of Indonesia, blamed for a failed coup attempt the previous year.

LITSUS replaced a previous screening concept that determined one's link with communism through one's past or through close and distant relatives. The new program would also be applicable to potential government workers, certain strategic jobs or positions—such as with the major political parties—and to members of parliament.

Mr. Abdul Hakim said the courts—and not the internal security agency—should determine "through a fair trial" whether or not one is a communist.

"LITSUS has created a new air of uncertainty and a feeling of insecurity among the people," he said.

Laos

Cambodia's Sok An Meets With Phoun Sipaseut

BK1608170990 Vientiane Domestic Service in Lao 1200 GMT 16 Aug 90

[Text] On his way home from Bangkok, Sok An, deputy foreign minister of the State of Cambodia, stopped off in Vientiane to meet with Lao authorities. While staying in Vientiane yesterday he paid a courtesy call on Foreign Affairs Minister Phoun Sipaseut and met with Deputy Foreign Affairs Minister Soulivong Phasitthidet. During the meeting Sok An informed the Lao side of his unofficial meeting with Phansak Winyarat and Kraisak Chunhawan, [advisers of Thai Prime Minister General Chatchai Chunhawan]. Sok An informed the Thai authorities of the stance of the State of Cambodia as follows:

1. The State of Cambodia intends to attend the inaugural meeting of the supreme national council [SNC] of Cambodia, which is scheduled to be convened next month. On the first day of the meeting a voluntary cease-fire must be in place. The State of Cambodia calls on the other factions to attend the SNC meeting and observe a voluntary cease-fire as well.

2. The Government of the State of Cambodia agrees with the roles of the international control mechanism of the United Nations in inspection of the withdrawal of all foreign troops, implementation of the cease-fire, the cessation of foreign military assistance, and supervision of free and fair general elections.

3. The Government of the State of Cambodia understands the positive features of the documents adopted by the five permanent members of the UN Security Council on the SNC and the steps for attaining peace, which should be extensively discussed at the SNC meeting. The Government of the State of Cambodia believes that the SNC meeting will pave the way for holding the free and fair elections which constitute the key for opening the door to a comprehensive political solution to the Cambodian problem.

4. The Government of the State of Cambodia acknowledges the intentions of the five permanent members of the UN Security Council in accepting Samdech Norodom Sihanouk as chairman of the inaugural meeting of the SNC as proposed by the State of Cambodia side at the Tokyo meeting.

In connection with the said stance of the State of Cambodia, the Lao side expressed its complete acclamation and support to it. The Lao side held that the stance constitutes an important contribution to settlement of the Cambodian problem through political means in a comprehensive and just manner.

Cooperation Meeting Held With Soviet Delegation

BK1608164190 Vientiane Domestic Service in Lao 1200 GMT 15 Aug 90

[Text] During a meeting between the Lao and Soviet technical delegations for coordination of the third plans to discuss the economic and trade cooperation between Laos and the Soviet Union in the second half of this year, the two sides expressed their desire to increase business cooperation in producing goods for export and to pay closer attention to adopting measures for effective utilization of the Lao-Soviet cooperation projects which have already been implemented in Laos.

The meeting between the Lao and Soviet technical delegations was held in Vientiane this morning. The Lao side was led by Khamsai Souphanouvong, first deputy minister of economy, planning, and finance; and the Soviet side by (Kruzchev), member of the State Planning Committee of the USSR.

During the meeting the two delegations informed each other of the restructuring and economic reforms currently taking place in the two countries. At the same time, they also took note of and appraised together the economic, trade, technical, and scientific cooperation between Laos and the USSR during the current five-year plan with a view to analyzing the strong and weak points as well as the numerous difficulties and problems so as to find ways to rectify and improve the mechanism of economic cooperation between the two countries for mutual benefits. The two sides also discussed the direction of economic, trade, scientific, and technical cooperation between Laos and the USSR in the years to come.

The Soviet technical delegation arrived in Vientiane yesterday afternoon.

Meeting Held To Form Third Five-Year Plan

BK1408102790 Vientiane KPL in English 0904 GMT 14 Aug 90

[Text] Vientiane, August 14 (KPL)—A preparatory conference to work out the third five-year state plan for national socioeconomic development (1991-1995) was held here yesterday with the participation of about 100 officials from central state institutions and representatives from 17 provinces.

During the sessions which will last 4 days, the participants will first review the 15-year performance of the previous five-year plans and then discuss the formulation of the coming five-year plan.

This will be worked out in line with the national policy of new economic mechanism.

Philippines

Government Defers Oil Deregulation Plan

HK1608042590 Manila BUSINESS WORLD in English 16 Aug 90 pp 1, 8

[By Anthony Cuaycong]

[Text] The government has officially deferred its plan to deregulate the oil industry, moving the target date from January 1, 1991, to the second quarter.

Speaking to Malacanang reporters right before yesterday's regular Cabinet meeting, Budget Undersecretary Benjamin Diokno pointed to two factors as the reasons for the deferment. "First, you have to contend with stability of oil prices. Second, deregulation has to be effected through legislation," Mr Diokno said.

As regards the first factor, Mr Diokno said continuing hostilities between Iraq and Kuwait have caused fluctuations in the prevailing world price of crude oil.

Specifically, Mr Diokno said: "When the war broke out, prices went up to as much as $26 (per barrel). Then, two days ago, they went down to around 422. Now, they're going up again."

On the second factor, Mr Diokno underscored the need for Congress to pass measures abolishing the Oil Price Stabilization Fund and amending the charter of the Energy Regulatory Board (ERB).

"Under a deregulated state, the ERB's functions will be substantially different," Mr Diokno said.

Explaining the matter further, Mr Diokno said the planned deregulation will be limited to price fixing and will not include the distribution of oil to domestic companies.

Tax Shift

The government will, however, still push through with its intent to change the present oil tax system from advalorem to specific in order to cushion the impact of fluctuations in the price of petroleum products to domestic consumers.

Mr Diokno also said the government expects to increase its present buffer stock of oil from the present 73 days to 81 days as a result of the national energy conservation program.

He explained that the 10 per cent cutback in electricity consumption and the five per cent reduction in fuel oil usage will translate into savings of around 24,000 barrels per day.

Mr Diokno also pointed to existing oil reserves of the United States as another factor seen to ease demand for oil. Apart from its usual 100-day buffer inventory, the U.S. also has some 600 million barrels of oil to tap specifically "in time of war."

Mr Diokno explained that the U.S., with its excess supply, can opt not to import oil from their suppliers, thereby enabling other countries to avail of existing oil supply under a system with less demand.

Aquino Urged To Ban Bases' Use in Gulf Crisis

HK1608155790 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 16 Aug 90

[By Cesar Chavez]

[Text] President Corazon Aquino should not allow American military warships and aircrafts to refuel or load gasoline at Clark Air Base and Subic Naval Base in relation to their mission to the Persian Gulf as a result of the tension between Iraq and Kuwait. This was strongly emphasized today by Senator Wigberto Tanada following a statement by Secretary Raul Manglapus saying that American aircraft and warships could be allowed to refuel at the military bases in the Philipppines on their way to the Persian Gulf. The senator explained that this could lead to the involvement of the Philippines in the Middle East conflict which could adversely affect present and future relations with Iraq and other oil producing countries. Tanada said it is about time the Aquino government stuck to its policy of not taking sides which he said is also observed by ASEAN member countries.

Meanwhile, Senator Ernesto Maceda and Senator Juan Ponce Enrile said it cannot be avoided nor is it against the law or unconstitutional to allow American warships deployed to the Persian Gulf to use the U.S. military facilities based in the country, because the Philippines and the United States has a mutual defense treaty. Here is Senator Juan Ponce Enrile's statement:

[Begin recording in English] We have to assume that burden because we have the military bases being used by the Americans in the Philippines. Unless we tell them now that they cannot utilize these areas, Clark and Subic, during the period of the operation in the Middle East, which I think is going to be a problem for us. It will cost us a lot of problems with the Americans because they can invoke the treaty. [end recording]

That's the former defense minister and Senate minority floor leader, Senator Juan Ponce Enrile.

Aquino Issues Official Statement on Security

HK1708132390 Manila Radio Veritas in Tagalog 0900 GMT 17 Aug 90

[By Gabby Salcedo]

[Text] A meeting of Cluster E regarding the country's present security situation has just ended. Present at the meeting were President Aquino, speaker Ramon Mitra, Senate President Jovito Salonga, Armed Forces Chief General Renato de Villa, National Security Adviser Rafael Ileto, and some senators and representatives. An official statement, as a result of the meeting, was issued and was read by Press Secretary Tomas Gomez III, who is here with us. Here is Secretary Gomez:

[Begin recording in English] The president convened this afternoon a special conference with three congressional leaders headed by Senate President Jovito Salonga and House Speaker Ramon Mitra Jr, together with the cabinet to assess the national security situation and the wide-ranging implication of the invasion of Kuwait by Iraq early this month.

A national security situation update presented by the AFP [Armed Forces of the Philippines] focused on the ongoing activities and plans of various threat groups which may take advantage of the adverse economic and social consequences of the earthquake and the Middle East crisis.

During the consultation, the president brought out and emphasized the need for an integrated national plan and crises management contingency program of action and the adoption of specific measures designed to soften the impact on the people of both the recent earthquake and the Iraq invasion of Kuwait. All these in consultation with congress.

The president was pleased by the result of the meeting and took the occasion to emphasize the need to monitor closely the emerging situation which can be exploited by the enemies of the state and to forge a common front against any attempt to undermine the government and its efforts to alleviate the economic difficulties of the people.

A statement of support from the congressional leadership against any attempt to destabilize the goverment was emphatically made.

That is the end of the statement. [end recording]

Reportage Continues on Bombing Incidents, Threats

Iraqi Embassy Receives Threats

HK1708091590 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 17 Aug 90

[Live report from Rey Arquiza at the Department of Foreign Affairs]

[Text] The Iraqi Embassy in Manila has officially informed the Department of Foreign Affairs [DFA] that they have been receiving bomb threats from unidentified callers. The Iraqi Embassy has also asked the DFA to take steps to protect their embassy and its diplomatic staff against those threatening them. The Iraqi Embassy in Dasmarinas Village confirmed that they have received threats saying that their embassy would be bombed and that their ambassador, Ali-Sumaydah and the staff of the Iraqi Embassy would be liquidated. According to the embassy, a caller had threatened to bomb the embassy today or tomorrow. This sort of incident is the type of thing that Immigration Commissioner Andrea Domingo had been worried about. The commissioner had been

afraid that the unrest taking place in the Middle East would be brought to the Philippines by Iraqi and Kuwaiti nationals in the country.

U.S. Security Tightens

HK1708121190 Manila PHILIPPINE DAILY INQUIRER in English 17 Aug 90 p 1

[Excerpt] Defense Secretary Fidel Ramos yesterday ordered increased security around U.S. installations and private companies in the country following a threat by right-wing rebels to launch an anti-government offensive.

Ramos said he had ordered a security alert around potential U.S. targets "to make sure that U.S. installations, including those in the private sector, that are very vulnerable and sensitive to harassment and bombings, are fully protected."

The U.S. Embassy, however, said it was not aware of the alert.

Ramos said police and military units have stepped up patrols in Metro Manila to protect government buildings after four bombs rocked the metropolis between Monday and Tuesday. No one was hurt. Right-wing rebels claimed responsibility for the bombings. [passage omitted]

De Villa Discusses Situation

HK1608053990 Quezon City Radyo Ng Bayan in Tagalog 0345 GMT 16 Aug 90

[Interview with General Renato de Villa, armed forces chief of staff, by Tony Kalaw regarding the bombing incidents in Makati during a meeting with broadcasters in Quezon City on 16 August; live or recorded; italicized portions in English]

[Text] [Kalaw] General De Villa comments on the bombing incidents in the Department of Trade and Industry building in Makati and the Board of Investment building. Newspapers report that the Reform the Armed Forces Movement [RAM] has claimed responsibility for the matter.

General, do you think *it's probable* that they will launch another coup d'etat? And if they do, will they have control over the Armed Forces?

[De Villa] They know and we also know that they will not succeed because they do not have the nation's support. The nation is for the government. *In other words*, there is no *people's support*.

Second, they know they do not have the strength to overthrow the government through force of arms. So they resort to troublemaking and, as I said earlier, the target is the economy. If they upset the economy without a coup, the nation will still be in chaos.

We believe that they do not have the capability to launch another coup. Regarding the planning and plotting, even one person can do this. We cannot prevent them from planning until we round them up.

[Kalaw] Sir, why did you say that the RAM no longer has the capability to recruit or to....

[De Villa] They are capable of recruiting, but they do not have the strength to launch a nationwide coup attempt. They do not have the strength.

[Kalaw] But they have [words indistinct]

[De Villa] Yes, very strong. It is difficult. Not because we cannot prevent them, but it is difficult to stop them, since one does not know whether it will take place later or tomorrow. But if the nation will unite, this can be resolved.

Who will feel the hardships? Who will be affected if the companies close down? Who will be affected if all the offices are torn down? Who will be affected if the traffic goes haywire? It is the country that suffers.

[Kalaw] General, in Senator Pimentel's statement, he wants President Aquino to reconsider the rebels' request for peace negotiations. Are you in favor of this?

[De Villa] Our recommendation to the president, in connection with the National Democratic Front's proposal, is to know with whom we are having a dialogue, and whether the suggestion is authentic. Because while they presented the proposal, they continued with their attacks. Since the earthquake on 16 July until they issued the proposal, they have made over 20 attacks. So we said we had better determine their sincerity.

Second, we have to study the matter thoroughly. The door is open for those who want to return to the fold of the law. But we have to uphold the law.

[Kalaw] That clarification was by General De Villa, armed forces of the Philippines chief of staff. From [placename indistinct], Quezon City, Tony Kalaw reporting for Radyo ng Bayan.

Military Blames Rebel Soldiers

HK1608035990 Manila THE MANILA CHRONICLE in English 16 Aug 90 p 1

[Text] Defense department and military leaders yesterday blamed the rightist rebel soldiers for the spate of bombings in Metro Manila.

Defense Secretary Fidel Ramos said the rebels were taking advantage of the national crisis brought on by the recent earthquake and the current Gulf conflict.

Ramos, however, gave assurances that the government was ready to meet their threats.

For his party, Maj. Gen. Rodolfo G. Biazon, the armed forces vice-chief of staff, blamed the rebels for the bank robberies as well. He said the rebels had resorted to

terrorism and robberies because "one thing is very clear: They don't have the capability to stage another coup."

A faction of the military rebels in fact has claimed responsibility for the bombings but said these were not meant to kill or harm people. A spokesman for them, who identified himself as Code 353, met with reporters outside a military camp.

He said the commercial and industrial buildings bombed "have connections with the Aquino government," adding that "the bombings were punitive measures." He was referring to Tuesday night's attacks on the buildings in Makati housing the Board of Investments and the Department of Trade and Industry, under Secretary Jose Concepcion.

A statement was issued on the same day in the name of Gregorio Honasan, the alleged leader of the August 1987 and December 1989 plots, "ordering all RAM-SEP [Reform the Armed Forces Movement-Soldiers of the Filipino People] forces to resume tactical offensive against the government" for continuously ignoring their offer for a truce.

Biazon said he saw in the bombings a "pattern" indicating that rebels were behind them. For instance, he said, the bombing at the Eulogio Rodriguez school near Malacanang followed statements issued by the rebels supporting the striking faculty and students there. He also pointed out that the bombs used were of the type issued in the military—C-4s.

Aquino Denounces Bombings

HK1608142590 Manila Manila Broadcasting Company DZRH in Tagalog 0400 GMT 16 Aug 90

[By Dick Sinchongco from Malacanang—live or recorded]

[Text] President Corazon Aquino emphatically denounced the bombings of several buildings in Metro Manila by right-wing elements as a signal that they were once more attacking the Aquino government.

Malacanang said that the bombings made on the offices of the Department of Trade and Industry and Board of Investment in Makati and Solid Mills in Paranaque, and the throwing of a bundle of explosives at a rice warehouse in Tondo, Manila, the other night was an indication that this was the work of rebel soldiers.

According to presidential spokesman Adolf Azcuna, Defense Secretary Fidel Ramos gave an assurance to President Aquino that the situation was under the military's control. At the same time, Ramos denied that the incident was a signal for another forthcoming coup d'etat.

Prior to this, former Colonel Gregorio Honasan, recognized leader of the rebel soldiers, had ordered the resumption of attacks on government targets. Based on the order by Honasan, which came out in the newspapers, the bombing incidents which took place in Metro Manila were a continuation of their campaign against the government. The alleged directive by Honasan called for continued attacks on the government following it's pursuit of his comrade former Colonel Alexander Noble who is currently in hiding in the mountains of Agusan del Sur.

Ramos Confirms Agusan Operation Against Noble

HK1708042990 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 16 Aug 90

[By Vic Pambuan]

[Text] Defense Secretary Fidel Ramos today confirmed that there is a military operation in Agusan del Sur against Colonel Alexander Noble. In a news conference, Secretary Ramos said that the military has long been involved in this operation, along with the Provincial Peace and Order Council and private citizens. He added that the Department of Social Welfare and Development and other government agencies are helping in taking care of families affected by the operation. At the same time, Secretary Ramos denied reports on military bombings against the rebels. He stated that the operation is limited to carrying out patrols to prevent any violence the rebel group may launch. From Vic Pambuan of DZRh Unit 13, here is part of Defense Secretary Ramos' statement:

[Begin Ramos recording in English—in progress]...tried very hard to take care of the needs. There is a lot of exaggeration, again, perhaps, to share a posture of strength in the reports of Noble as issued to the media and in the statement of Honasan as contained in his statement of August 15 1990.

From the Assistant Regional Director Versoza of Region 10, to reach Agusan Norte and Agusan Sur alone, the report is that there are only 4,000 displaced persons and these individuals are now mostly housed in the Esperanza Elementary School and being attended to by the Department of Social Welfare and Development, but not 40,000 as reported in some newspapers which carried the so-called Noble report. [sentence as heard]

Also according to the reports of the AFP [Armed Forces of the Philippines], it is not true that there are several thousand AFP troops engaged in this operation with a lot of aircraft. In the official report of the AFP, there are some 50 officers and 1,103 enlisted personnel, or a total of 1,153, that have been organized into provisional batallions. But these are very small, temporarily organized units, much smaller than the regular batallion of some 630 men apiece. [end recording]

Military Chief Refuses To Release Rebels

HK1608131590 Manila Manila Broadcasting Company DZRH in Tagalog 0400 GMT 16 Aug 90

[By Jennifer Postigo from Camp Aguinaldo—live or recorded]

[Text] AFP [Armed Forces of the Philippines] Chief of Staff General Renato de Villa stands firm on his directive to the commander of the PC-INP [Philippine Constabulary-Integrated National Police] jail, Major Ariston Gregorio, not to release, even temporarily, the six rebel military officers currently detained at Camp Crame for their involvement in the failed December coup attempt.

In a forum conducted at Sam's Diner, General de Villa stressed that even if the six rebel soldiers have been allowed to post bail of 100,000 pesos each for their temporary release after they had appealed to a civilian court, the military cannot follow the order of the Quezon City Regional Trial court because this could set a precedent and may be followed by appeals from other detained rebel soldiers. De Villa added that the moment they are set free, even temporarily, the government would again be placed in an unstable situation because of the possibility that they would regroup and launch a coup against the current government once more.

General de Villa added that even if Quezon City Regional Trial court judge Maximiano Asuncion, who issued the subject release order freeing Lieutenant-Colonels Jacinto Ligot, Franklin Brawner, Arsenio Tecson, and Romelino Goho, Major Alfredo Oliveros and Captain Manuel Yson, filed contempt of court cases against him, he still would not change his first directive to Maj. Gregorio because he said that the stability of the country would be at stake in this action.

In relation to this, the lawyers of the detained rebel military officers have submitted their petition to the office of Judge Maximiano Asuncion through Colonel Ligot's lawyer, Attorney Manuel Lazaro. The six have requested that a contempt of court order be issued, not only against jail commander, Major Gregorio, because of his nonadherence to the court order, but against General de Villa and his deputy, Brig.Gen Alexander Aguirre, because of their interference with the court's decision which has causes the suspension of justice due the accused.

The petitioners have also asked that the National Bureau of Investigation [NBI] step into the issue by means of helping them carry out the release order by Judge Asuncion. On the other hand, although General de Villa's group has appealed to the Supreme Court to stop the Quezon City Regional Trial Court from further handling the case, Judge Asuncion has already set a hearing for the petition by Ligot's group against de Villa for tomorrow at 1000 [0200 GMT].

Armed Forces Give Assurance of No Coup Try

HK1708032790 Quezon City Radyo Ng Bayan in Tagalog 0120 GMT 17 Aug 90

[Report by Josette Olivera from Camp Aguinaldo—live or recorded]

[Text] The letter circulated by renegade Colonel Gregorio "Gringo" Honasan to the Armed Forces of the Philippines [AFP] regarding various issues is a clear indication of his hidden motive to sieze power from the current government. This was emphasized by Armed Forces Chief General Renato de Villa in relation to the revival of the coup issue and the current spate of bombings that have hit various parts of Metro Manila.

The Armed Forces confirmed that the bombings on the offices of the Department of Trade and Industry and Board of Investments were perpetrated by rightist groups. De Villa said that Honasan's group is desperate and the appeal which he is circulating throughout the AFP is propaganda to confuse the minds of officials and personnel of the Armed Forces of the Philippines.

The AFP gave the assurance that the rightist group no longer has the power to topple the government.

[Begin recording by Armed Forces spokesman Colonel Juanito Rimando] The rightists no longer have the capability to launch a coup. [words indistinct] to do small things like bombings and recruitment but as of now, they really no longer have any power. [end recording]

Military Adopts Measures To Preempt Coup

HK1708044990 Manila THE MANILA CHRONICLE in English 17 Aug 90 pp 1, 6

[By Manny Mogato and Marie Rose Feliciano]

[Text] Defense and military officials yesterday said right-wing leader Gregorio Honasan was using the crisis to gain support to try to grab power.

They also said the government had adopted security measures to preempt rebel plans to launch terrorist attacks, and that the recent bombings and bank robberies were not necessarily the start of a coup.

Defense Secretary Fidel Ramos said the Capital Regional Command (Capcom) had been ordered to secure and protect vital installations and facilities like power and water stations, transportation and communications systems and other public utilities, including oil depot and media facilities.

"Honasan is clearly taking advantage of the situation as our countrymen try to recover from the aftermath of the recent earthquake and anticipate severe economic difficulties arising from the present crisis in the Middle East," the armed forces chief of staff, Gen. Renato de Villa, told reporters.

De Villa said the bombings of the last few days could be pinned on the renegade officer's right-wing RAM-SFP (Reform the Armed Forces Movement-Soldiers of the Filipino People), which only wanted "economic sabotage."

"He (Honasan) has once again found the occasion to initiate a desperate effort to gain sympathy and support," the chief of staff added,

De Villa said, even if the rightists cannot launch a coup, they want to create an atmosphere of chaos to scare off potential foreign investors. "Iba ang direksyon ng group na 'to [This group has a different direction]. They are obsessed with getting power and arms." Ramos said the "RAM-SFP does not enjoy any more significant support from our masses and if I may say from the AFP [Armed Forces of the Philippines]."

De Villa and Ramos said Honasan was "insensitive to the people's plight."

Ramos said the Capcom chief, Brig. Gen. Marino Filart, had intensified patrols, especially the police and the PC [Philippine Constabulary] Special Action units in the city to preempt and prevent terroristic actions.

But Ramos said three groups were being suspected behind the bank robberies and other criminal activities in the city: military rebels, communist rebels, and plain criminals and military scalawags.

Bicol Army Chief Assures No Coup Attempts

HK1708133390 Manila MANILA BULLETIN in English 17 Aug 90 p 9

[Text] Naga City—Brig. Gen. Federico Ruiz, chief of the Southern Luzon Command (Solcom) has assured Maj. Gen. Rodolfo Biazon, AFP [Armed Forces of the Philippines] vice chief of staff, that the Reform the Armed Forces Movement (RAM) cannot stage a coup in the Bicol region or use it as a base of operations. There have been intelligence reports that the RAM plans to stage a coup in the Bicol region first and later in Metro Manila. Aside from Bicol, Solcom covers the Southern Tagalog region which was also placed under red alert. Col. Victor Mayo, 201st Brigade commander, briefed Biazon and Ruiz on his anti-coup preparations and the anti-insurgency campaign. Ruiz has ordered a no-letup drive in the Bicol region to bag Sotero Llamas, alias "Commander Nognog" the New People's Army No. 1 in the region.

Manglapus Says No to Non-Military Bases Treaty

HK1708024190 Manila Far East Broadcasting Company in Tagalog 0100 GMT 17 Aug 90

[Text] Foreign Affairs Secretary Raul Manglapus rejected Senator Wigberto Tanada's resolution for a nonmilitary bases treaty. Manglapus said that Tanada's resolution for a nonmilitary bases treaty was not possible because a declaration between the United States and the Philippines provides for a friendship, unity, and security agreement between the two countries.

The Foreign Secretary further added that the retreat of the United States from the country could not take place in a short span of time and whatever military presence the Americans had remaining one day after the termination of the military bases on 16 September 1991 had to be covered by an agreement.

Manglapus said that based on our Constitution, whatever military presence the United States had in our country after the termination date of the bases treaty needed to be covered by an agreement that would then need the approval of Senate and Congress.

Founding Chairman of Communist Party Interviewed

HK1608135190 Quezon City NATIONAL MIDWEEK in English 8 Aug 90 pp 19-22, 44-46

["Full Text" of telephone interview with Communist Party of the Philippines founding chairman Jose Maria Sison, by Reuben S. Seguritan and Q.M. Borja; place, date not given—first five paragraphs are NATIONAL MIDWEEK introduction]

[Text] *Jose Maria Sison is the founding chairman of the Communist Party of the Philippines reestablished in 1968. He is in exile in the Netherlands as a result of the cancellation of his Philippine passport in 1988 by the Aquino government.*

Since his release from political detention in 1986 a few days after the fall of Marcos, he has devoted himself to university lecturing, social research and writing. His most recent book is "The Philippine Revolution: The Leader's View" (New York: Crane Russak, 1989).

Although he prefers to describe himself as an itinerant academic, Sison is still widely regarded in the Philippines and abroad as the chief ideologue of the Philippine revolutionary movement for national liberation and democracy. His selected works from the 1960s to the present in three volumes are now under preparation.

Reuben S. Seguritan is a practicing New york attorney who writes regularly on Philippine and Filipino-American affairs. Q.M. Borja is research director of the Association for Philippine Information.

Following is the full text of the telephone interview.

Are you the current chairman of the Communist Party of the Philippines (CPP)?

If I were, I would not say so. I can leave the Philippine military and the Aquino regime to their speculations. I think in view of the banning of the CPP, the obligation is on the part of Philippine authorities to provide the proof against anyone they would accuse of being CPP leaders.

How do you keep yourself informed of the development in the revolutionary movement? How do you communicate with the CPP?

I read CPP publications, especially "Ang Bayan," and the occasional statements of the party. I also rely on news reports in the bourgeois mass media. In view of my background, I would have a good sense of what is correct and what is false in the bourgeois mass media reports in the course of critical reading.

Your new book is entitled "The Philippine Revolution: The Leader's View." What do you mean by "leader"?

Well, the publisher made the suggestion that the phrase "leader's view" would make the book distinctive from other books on the Philippine revolution. I think the introduction made by the interviewer, Dr. Rainer Werning, explains very well what it means by "leader" as a term referring to his subject.

The introduction qualifies me as a leader, considering the fact that I have assumed leading positions in various political organizations in the Philippines, including Kabataang Makabayan [Nationalist Youth], the Movement for the Advancement of Nationalism, the Socialist Party of the Philippines, and the like. And of course reference is also made to me as one who has articulated the ideas and views of the patriotic and progressive movement in the Philippines.

Aquino ordered you released in 1986 after eight years in political detention. Don't you feel grateful to her? Why do you continue to struggle against her government as intensely as you did against the Marcos government?

I have always said that Mrs. Aquino and I owe each other a deep sense of gratitude. You see, Mrs. Aquino could not have become president without soliciting the support of the national democratic movement upon the assassination of her husband, Benigno Aquino, and the consequent support given to her guest for justice.

Mrs. Aquino made a pledge to release the political prisoners held by Marcos. The pledge of Mrs. Aquino was her way of reciprocating the support that in the first place was given to her by the national democratic mass movement.

So before Mrs. Aquino could release me, she already owed a great deal of gratitude to the national democratic movement, including myself; we owe to each other a sense of gratitude.

Commander Dante (Bernabe Buscayno) was also released by President Aquino and he now seems to be out of the mainstream of the revolutionary movement. Why has he adopted a conciliatory attitude?

With reference to Bernabe Buscayno, I am aware that he is running a cooperative program that is dependent on loans from the Land Bank. You might say that he is in the mainstream of Land Bank borrowers.

If you see Mrs. Aquino in much the same light as you viewed Marcos, why didn't you continue your struggle underground as you did before? Why do you prefer to operate from a base that is thousands of miles away from the Philippines?

It was never my choice that my Philippine passport would be cancelled by Mrs. Aquino while I was abroad. You see, when I was released, there was a strong demand for me to speak to the Filipino people directly and I spent a considerable amount of time going around the Metro Manila area and in the provinces.

I had to sort out the invitations which came from different parts of the Philippines and from different parts of the world. I intended to make a lecture tour abroad for only about six months. I extended this for another six months, then came the cancellation of my Philippine passport.

So I think the responsibility for my inability to return to the Philippines belongs to Mrs. Aquino and the Philippine military. You see, soon after my departure from the Philippines, the Philippine military exerted tremendous pressures on Mrs. Aquino to cancel my passport and undertake other punitive actions against me.

Could you not have entered the Philippines in a clandestine manner?

The Philippine military claims that I have tried to return to the Philippines, but I should say that I would prefer to return according to the best advice of comrades and friends and according to the best possible means.

Up to now, there are difficulties for my return to the Philippines, and it is not for me to discuss all the possibilities. Quite a number of those possibilities would involve discret considerations.

Do you see yourself in exile for the next three, five, or ten years?

I cannot say. Mrs. Aquino herself cannot guarantee her stay in power, and if she goes there is the likelihood that a military force shall have removed her from power. That is only one possibility. The point is that even as Mrs. Aquino is in power, she is in the clutches of the military. First, she is dependent on the Ramos-De Villa faction. And at the same time she is compelled to toe the U.S. line by virtue of pressures from other military factions that would even wish to remove her from power.

Under what terms will you agree to go back home?

There have been demands for Mrs. Aquino to lift the cancellation of my passport. But Mrs. Aquino has been adamant, and my lawyers have exerted efforts to have the way open for my legal return to the Philippines.

If they lift the cancellation, mostly the consideration would pertain to technical matters which involve taking seriously the threat of the Philippine military or threats from certain factions within the military.

How do you support yourself now?

Well, I have a few earnings from my writing and lecturing, and I try to be frugal. Personally, I stay within the limits of 700 guilders (U.S.$373) a month. I can give you a breakdown of how I spend my 700 guilders: 300 ($160) for my share of rent and energy costs, 200 ($107) for food, 120 ($64) for cigarettes, and 41 ($22) for my monthly public transport card; there is not much left after that. So I don't have any kind of high living, as the psywar experts of the AFP (Armed Forces of the Philippines) would like to make people believe.

Two U.S. servicemen were shot by the New People's Army (NPA) on the eve of the opening of the military bases exploratory talks. Why did the NPA have to kill them?

I think the NPA's Mariano Garcia Brigade declared that these two servicemen had been killed because they were troops of an enemy force, and the killings were of course related to the opening of talks concerning the U.S. military bases.

The NPA leadership has already made a clear declaration that the U.S. would have to face the "agony of attrition." The NPA is referring to the protracted people's war that the U.S. has to face if it continues to dominate the Philippines military and in so many other ways.

I think it has been one strong view in the revolutionary movement in the Philippines that the U.S. bases themselves mean a perpetuation of the original successful aggression made by the United States at the beginning of the century. These U.S. military base are not really the result of an agreement between two equable states respecting each other. The bases violate Philippine national sovereignty and territorial integrity and threaten the very survival of the Filipino people. The U.S. has now to face the consequences of these past aggressions and its continuing interventions.

Are the NPA not alienating the people by such acts of violence?

I don't think that the revolutionary forces consider their actions against U.S. military personnel as offensive to the people. But these actions are certainly offensive to the interests of a foreign power; they express the people's hatred for the imperialist domination of the Filipino people by the United States and its multinational firms and military instruments.

Don't you fear drastic action by the United States against those responsible for the killings?

The NPA, I think, is clearheaded and is very conscious that it has to fight a foreign power that uses military bases against the interests of the Filipino people, that troops of this foreign power are there to give support to the mercenary troops in the AFP. Counter-insurgency advisers direct the Philippine military and police against the revolutionary forces. Of course military supplies are given to the Filipino mercenaries against the revolutionaries, and intelligence agents of the CIA and DIA (Defense Intelligence Agency) are always giving direction and support to the Armed Forces of the Philippines against the revolutionary forces, so you would expect the New People's Army to fight and defend itself as well as the rights and interests of the people.

Do you expect more killings in the future?

Well, the National Democratic Front (NDF), including the CPP and NPA, have made repeated offers to the Aquino regime for a dialogue for a comprehensive, lasting, and just peace plan, but the Aquino regime has repeatedly rebuffed the offers.

I think it is entirely the responsibility of the Aquino regime, and the United States which is behind it, that the armed confrontation continues in the Philippines. I suppose the revolutionaries in the Philippines are ready to come to terms so long as the just and reasonable demands of the Filipino people and the revolutionary forces standing up for them are satisfied.

At the start of the U.S. military bases talks, the Philippine negotiators insisted $222 million was owed by the U.S. in aid commitments. The U.S., on the other hand, accepted a shortfall of only $96 million. How do you view the conduct of the talks so far?

The Philippine panel is acting like a beggar, and the U.S. panel like an arrogant patron. The exploratory talks have centered on the question of money. But this question does not take into account the removal of nuclear wastes buried in the bases and that of the chemical contamination in the training areas.

Anyone acquainted with talks between an imperialist mentor and a client-state knows that such talks are scripted towards a secret agreement already made beforehand. We are witnessing a charade for public consumption.

The Philippine Government has already served a notice of termination on the U.S. Government. Does this not indicate its sincere intentions?

Like the rest of our people who uphold Philippine national sovereignty, I am not satisfied. The Philippine Government connives with the U.S. Government in scheming to extend the tenure of the U.S. military bases in the Philippines.

The Philippine Government has no choice but to serve notice of termination in accordance with a provision of the 1987 Constitution. But in the same breath, this Government welcomes a treaty to replace the existing bases agreement.

Why do you say that there is a secret agreement already made beforehand? Has President Aquino not said that she is keeping her options open?

There is already a draft for an "agreement of friendship, cooperation and security." Both the U.S. and Philippine authorities have expressed satisfaction over the exploratory talks and have announced that they will discuss such an agreement.

The agreement may either be an executive agreement, a mutually ratified treaty or a draft treaty ratified by only one side, like the 1947 bases agreement.

The Philippine Constitution is explicit that no foreign bases shall be allowed on Philippine territory, except by treaty. How will the tenure of the U.S. bases be extended?

In a treaty or executive agreement, the U.S. military bases can be formally described as U.S. facilities on Philippine bases. Marcos and his U.S. masters started to make this kind of distinction between U.S. bases and facilities.

The extension of these U.S. "facilities" can be made under the guise of a "phase-out." Furthermore, indefinite extension of these "facilities" can be effected under the concept of joint use and mutual defense after the term of pretended phase-out.

Still further, the treaty or agreement can have a provision defining certain areas and facilities as off-limits to Philippine authorities for some euphemistic reasons and allowing—just like now—the storage and transit of nuclear and chemical weapons.

Recent international developments have considerably reduced alleged Soviet threats in the Pacific rim. Why would the U.S. still want to maintain their bases in the Philippines?

It is for perpetuating U.S. domination and exploitation of the Filipino people and maintaining U.S. hegemony over the Asia-Pacific region. The U.S. bases in the Philippines are part of an international network of U.S. military power. The United States claims that its bases in the Philippines are for the defense of the Philippines and the region are all hogwash.

After admitting that there is no effective Soviet threat to the Philippines and the region, the United States is trying to frighten the Filipino people with new specters it has conjured such as Japan, China and India. The United States humiliates the Filipino people by considering them as no better than a passive ward or captive of one foreign power or another to rationalize the maintenance of U.S. military bases.

If the U.S. military bases are dismantled, how will the Filipino people benefit? Will this not result in the country's economic dislocation, considering that these bases are said to employ 78,000 Filipinos and inject more than $1 billion a year into the Philippine economy?

The dismantling of the bases will put an end to a gross violation of Philippine national sovereignty and territorial integrity, a prolonged humiliation of the Filipino people, and a threat to national survival.

The facilities and other improvements on the land are by themselves of high value and can be put to commercial and other economic uses, far more profitable to the people than the paltry amounts given by the United States for their use. The large tracts of land can be used for agriculture, mining, industry and commerce.

If the Philippine military camps in Metro Manila are moved out to relatively small portions of the land occupied by the U.S. bases, the proceeds from the sale of the prime land now occupied by the Philippine military camps in Metro run into tens of billions of pesos.

What are the benefits for the United States and the American people if U.S. military bases are dismantled?

The dismantling of the U.s. military bases and the withdrawal of U.S. troops will help reduce the budgetary deficit of the United States. The savings made can be used for the social benefit of the American people.

What will be the response of the revolutionary forces to the extension of the U.S. military bases or facilities?

The revolutionary forces like the Communist Party of the Philippines, the New People's Army and the National Democratic Front have time and again condemned the U.S. military bases as a violation of Philippine national sovereignty and territorial integrity and as instruments of aggression and intervention.

As they have repeatedly made themselves clear, the revolutionary forces can be expected to carry out punitive actions against the U.S. military bases and personnel as well as against Filipinos whom they regard as traitors for conniving with the United States in perpetuating U.S. military presence and intervention in the Philippines.

The Eastern European countries have discredited their communist governments. China, too, seems to be walking on a political tightrope, with the widely publicized student unrest and its violent suppression. Would you not say these events are generating a demoralizing or vitiating effect on the communist movement in the Philippines?

The Communist Party of the Philippines cannot be demoralized by the long process of undermining the socialist system in several of those countries that you have mentioned, an undermining which has already resulted in the disintegration of socialism in those countries.

The Communist Party of the Philippines, I suppose, cannot agree that capitalism is superior to socialism. The Filipino people have continuously suffered under the capitalist system. I would even say that the revolutionary forces in the Philippines as well as the Filipino people look down with contempt on those forces of capitalism in Eastern Europe which have the illusion that capitalism is the way out.

As a matter of fact, for a considerable period of time already, some of those countries had clearly taken the road of capitalism. That's the reason why the economic mess went so badly. Consider Poland and Hungary. Since the early '70s, the leaders there adopted methods of capitalism or took the capitalist road and got their country into serious indebtedness.

The so-called collapse of socialism—socialism which had been undermined for a considerable period of time anyway—has been possible because the bureaucrats and managers, aside from the prominent leaders who have had to be held responsible for the disastrous results of

policies, have been too willing to go deeper into capitalism because they stand to benefit the most from the further adoption and promotion of capitalism.

You will see that it is mostly the bureaucrats and managers who benefit now from the privatization of the most profitable state enterprises. It is the profitable state enterprises that are being privatized while the losses are being socialized.

I would say that capitalism cannot be an alternative for the Filipino people. The Filipino people, like most of the people in the Third World, know how harsh are the exploitation and oppression under capitalism.

Your question can be better answered by an 80-page article of mine which will come out soon.

What about the recent defeat of the pro-communist government of Nicaragua, a Third World country?

The Sandinista leadership never proclaimed that they were well on the way to socialism. Certain bourgeois-democratic reforms were not even completed. Nicaragua had special conditions. Somoza did not leave any kind of basic industries. Somoza really brought out of the country the social wealth extracted from the people.

There was not much in Nicaragua after the revolution in economic terms except coffee, shrimps, and the like, and with the economic blockade undertaken by the United States, Nicaragua encountered serious difficulties.

And then of course the United States continuously exerted pressures of a military kind, especially in the form of the contras. You might say that the electoral defeat of the Sandinistas was the result of overrelaxation due to objective conditions as well as to the subjectivity of the Sandinista leadership.

With regard to China, there have been reforms which have resulted in social unrest. These reforms are of a capitalistic nature and have undermined the socialist position of China. I suppose that the Chinese leadership is now looking hard at the causes of social unrest.

I would prefer to let the Chinese solve their own problems. But I think, we who observe from abroad would always press the question: Why in the first place has social unrest arisen as to further result in the tumult and counter-revolutionary rebellion that occurred in China last year?

Western political analysts attribute the turn of events in Eastern Europe to the growing consciousness of a widening material gap between them and the more prosperous capitalist West. Should we take this to mean the disintegration of communism and the emergence of a predominantly capitalist world?

There are still factors of socialism in quite a number of countries in Europe and elsewhere. For one thing, the working class is there; there are still a number of state enterprises that are needed and which are not going to be bought by the foreign multinational firms. There are still the welfare services.

Even where capitalism has apparently taken over, the people, especially the working class, will soon realize that capitalism is not their salvation. It's not going to bring them paradise, but is going to give them hell-a worse situation in terms of unemployment, loss of social benefits, hyperinflation, worse bureaucratic corruption, and so on.

There will be conditions for the upsurge of the forces of socialism on the basis of some continuing factors of socialism.

Is there any socialist country that has not been undermined by capitalist forces?

There are several countries where the factors of socialism are still quite strong—China, the Democratic People's Republic of Korea, Cuba and Albania.

In the face of the events in Eastern Europe, can you say that the communist government you have cited will not crumble within the next few years, or do you perceive a domino effect on these governments, too?

I would say some socialist countries will remain as such, the factors of socialism will be there, and they will not be eliminated before the crisis of over-production of capitalism breaks out as never before.

One form that this crisis could take is a general debtor strike, which would include not only the Third World countries but also some of the East European countries which are putting themselves into worse overconsumption and into deeper indebtedness.

The world capitalist system is in severe crisis. Never before in the history of capitalism has the world capitalist economy been more integrated by the supermonopolies and by high technologies, and the crisis of overproduction, the crisis of capitalism as manifest now in the Third World countries, more sweeping.

One area after another, one big country after another, has been exhausted as a loan client of finance capitalism. First the Third World, except China and India, was exhausted already by 1982 as receivers of surplus capital in the form of loans and as absorbers of surplus goods from the capitalist countries. Now they are being cushed by their debt burdens because the loans were used for nonproductive purposes—for infrastructure, for improving raw material production, and for the overconsumption by the few.

After most of the Third World, China in the first half of the '80s onwards, and then India from the middle of the '80s, would become absorbers of the surplus capital and surplus goods from the capitalist countries; now they are in trouble because of their linkage with the capitalist countries.

I think in Eastern Europe only the Soviet Union is the big catch for finance capitalism, because even in the '70s such countries as Poland and Hungary had already been enmeshed with finance capitalism, their overconsumption and overborrowing from abroad had been causing an internal crisis which would worsen consistently, and those who linked and subordinated Hungary and Poland to Western capitalism were but elements that had been pushing capitalism in the name of socialism.

You know why so-called socialism in these countries has collapsed so suddenly? Because the bureaucratic managers, except those in the highest positions who had to be blamed for revisionist policies, stand to gain from the conversion of public ownership of state enterprises into private ownership.

They are the ones arranging the formation of joint stock companies and joint ventures with the multinational firms, and they are assigning to themselves stocks in the new joint stock companies and selling the most profitable state enterprises, and so they are privatizing the profits and socializing the losses.

You want us to believe that communism is a better alternative to the present system in the Philippines. Naturally, with all that's happening in Eastern Europe, we're skeptical. Assuming that the Philippines turns communist, do you think it will successfully resist capitalist forces?

Well, I don't know what you mean by communism—there has never been communism anyway. What there has been in world history so far is early socialism, a kind of socialism under imperialist siege, and a kind of socialism which has been effectively deprived of access to new technology and ample economic relations with the rest of the world. And this early socialism has been subjected to military pressures even in the form of aggressive actions by imperialism and military encirclement, which has compelled leaders like Brezhnev to waste resources in the arms race.

I suppose that it can never be the choice of the Filipino working class and the Filipino people to stay under increasing oppression and exploitation by foreign monopoly capitalism and the comprador big bourgeoisie and the landlords in the Philippines. Socialism remains the only alternative to this kind of system. No one yet has invented any other alternative. But in the Philippines, the struggle for national liberation from foreign capitalist domination and the local exploiting classes of big compradors and landlords and the attainment of democracy must first be achieved.

There could be room for maneuver for a Philippines that anyway has the human and material resources to be self-reliant in a world where the major capitalist powers are competing with each other. There would also be the small capitalist countries eager to sell their products and deal with the Philippines. Those socialist countries that may succeed in improving their economies will also diminish the range of exploitation for all capitalist countries and for the major capitalist powers. With the bipolar world giving way to a multipolar world, it may become more possible for a social revolution within national boundaries to win victory without being put down or discredited in the old cold war terms in the bipolar world.

Will the U.S. continue to assume the lead role in the fight against communism?

The United States is now being diminished within the capitalist alliance. It's still powerful, but it's no longer the one wielding the baton that has to be followed. The U.S. is in serious industrial decline. To recover from this it would have to solve its budgetary and trade deficit problems. It has become the biggest single debtor country in the world. For the U.S. to lick its deficits and revive its productive capability in tradeable goods, even if only to serve the American market, would mean grave trade losses for Japan, West Germany and the new industrializing economies and upset the balance among the capitalist countries.

A widespread phenomenon of social revolution in several countries may arise in the future. The debt burden is crushing so many countries. And someday the social unrest going on in so many countries will take the form of social upheavals, and yet the U.S. will no longer be as powerful as before to take a firm lead in the anti-communist crusade.

The American capitalists and ideologues and propagandists may be deliriously happy about the disintegration of socialism in certain countries, but actually it is a united Germany that is taking most advantage out of the situation. Of course momentarily the U.S. appears to be a bully without an effective restraint to it now from an anti-imperialist country. But the U.S. no longer has as much resources as before. The people in the United States themselves might demand more realization of the peace dividend. The U.S. can no longer cite the Soviet Union as a pretext for depriving the American people of benefits that should come from the economic capability of the United States.

President Aquino recently claimed that the CPP is losing ground and that it suffered a decline in membership by 46 percent in 1989. She also says that the developments in Eastern Europe have rendered the CPP cause an isolated one. What can you say on this?

As far as I know it is the Aquino regime that is in trouble; it is the entire government or state in the Philippines that is in trouble. Despite the unprecedented rate of human rights violations committed by the Aquino government and its military, the armed revolutionary movement has been advancing and growing in strength.

I don't think that there is any adverse impact on the Philippine revolutionary movement from what is happening in Eastern Europe. Not even the turmoil in China could adversely affect the revolutionary movement in the Philippines. The revolutionaries in the Philippines can never be discouraged by what has happened in certain socialist countries. They take the attitude that whatever has gone wrong in those countries is a source of lesson for the future.

As far as the present is concerned, the crisis of the big comprador-landlord society in the Philippines is such that there can be no distraction to the revolutionary forces by developments abroad. If only the social conditions in the Philippines were so good, then some demoralizing effect could arise. In advanced capitalist countries which continue to exploit Third World countries like the Philippines and which can still maintain a high level of overconsumption and even provide relief to the unemployed, maybe there can be a demoralizing effect. But using their critical faculties better, even in the most advanced capitalist countries the people who are in a relative state of exploitation can see that those who opt for capitalism in socialist and former socialist countries are merely going in a direction that will bring about worse conditions.

Commander Dante, the former NPA chief, was quoted as saying: "Times change and the Communist Party of the Philippines did not change along with the times. We fought against the dictator. Now that Marcos is gone, there is a climate of freedom. Now is not the time for armed struggle." Can you comment on this?

As far as I can see, there has been no fundamental change in the Philippines. The same basic conditions obtain in the Philippines—it's still the U.S. dominating the Philippines, wanting to maintain its oppressive presence and still exploiting the Filipino people. We still have the comprador big bourgeoisie and the landlord class dominating Philippine society. Marcos and Aquino are the same. They are both the highest bureaucrats representing the big bourgeoisie and the landlord class, and subordinate to the United States. So there has been no fundamental change.

As a matter of fact, the entire system is in a process of disintegration. Mrs. Aquino is some kind of a flash in the pan. During the first six months of her regime, she could still impress some people as one who could be contrasted with Marcos. But you see, they are both puppets of the United States and after the first six months of Mrs. Aquino's regime, there has been a blatant process of deterioration in the Aquino regime. You know that violations of human rights have gotten worse under the Aquino regime. And within the state itself you have the devastating process of military factions in the Armed Forces of the Philippines trying to destroy each other. The major civilian factions are intertwined with the military factions and they are on the path of destroying their own system.

What is the timetable of the NPA or the CPP?

It's always difficult to make a timetable in the face of tremendous odds. You see all forces are in what you might call a fluid situation. The United States is a powerful force and has to be considered. And how the U.S. looks now or in one to three years may change drastically on a scale of five to ten years. If you look at the current strength of the NPA, certainly you can see that there is still much to be done by the NPA to become strong to the point of overthrowing or defeating the Armed Forces of the Philippines.

Will the dismantling of the bases speed up that timetable?

I don't think so. You see, what there has been in the Philippines is actually a civil war. That's the reason why U.S. troops have not been targeted as much as troops of the Armed Forces of the Philippines. So far there is no U.S. war of aggression. U.S. troops are not being fielded against the NPA, although of course U.S. advisers are behind the mercenary troops, and supplies for the mercenary troops come from the U.S.

So long as U.S. troops are not being fielded against the NPA, it is difficult to speak of national war being waged against U.S. aggression. One can theorize that there is a perpetuated aggression by the United States in the form of retained military bases. But at the same time U.S. troops have not flowed out of the U.S. bases to attack the NPA, though there may be instances that are in fact interventionist.

Even without the military bases, I think the civil war will run its course according to changes in the balance of forces, which changes would have to move steadily for sometime before there is a qualitative leap like the overthrow of whatever puppet regime would be there. I don't think that the removal of the U.S. military bases will automatically mean the acceleration of the advance of the NPA. the NPA has still a lot of work to do, still has a lot of fighting to do, to move from the stage of the strategic defensive to two further stages, those of the strategic stalemate and the strategic offensive. The stage of the strategic defensive will still take sometime.

Has the CPP tried to ask the Marcos loyalist and the RAM (Reform the Armed Forces Movement) to join them in their struggle against Aquino?

As far as I know, the CPP and the NDF have always opened the door to any entity willing to come to terms with them on the substantive demands for national liberation and democracy against U.S. domination and the local exploiting classes. There are statements by the CPP and NPA that since Mrs. Aquino has repeatedly spurned the offer of dialogue, then whichever entity is interested in negotiating how the fundamental problems of the Filipino people can be resolved is welcome.

You see, Aquino is now at the head of the reactionaries in power. There are reactionaries out of power; they used to be in power, and they were no so good when they were

in power. But in the political process, those reactionaries out of power may consider the possibility of having some kind of an alliance against the reactionaries in power who are effectively doing more harm to the people at present, a hypocritical regime which is reactionary but pretends to be of benefit to the people. So you see, there are changes in the situation. But I'm just talking in a abstract terms, and am ignorant of any kind of concrete dealing between the CPP and NDF on one hand, and forces in the opposition to the U.S.-Aquino regime, on the other.

Rehabilitation Fund Commitments Reported

HK1508030790 Manila MANILA BULLETIN in English 15 Aug 90 p 25

[By Raul Valino]

[Text] Finance Secretary Jesus P. Estanislao said the Senate might not be pleased with the "commitments" he and Central Bank Governor Cuisia obtained from Japan, the United States, the World Bank [WB] and the International Monetary Fund for the funding of the rehabilitation program for earthquake-devastated areas in the Philippines.

The Estanislao Cuisia fund mission was reported to have brought home a paltry $170-million pledge from abroad for the yet to be drawn up rehabilitation plan. The finance secretary was quick to point out, however, that President Aquino was "rather pleased" with their reports and that she had told them "to keep on working hard."

What hobbled the fund mission was the lack of a firm estimate of the amount of dollars the Philippines needs from foreign lenders. On the eve of his departure for Japan and the U.S. to borrow money for "national rehabilitation" after a killer earthquake had hit the Philippines on July 16. Estanislao said: "The first thing I would like to see is a firm assessment of how much we really require." That firm assessment never came.

The team of Estanislao and Cuisia came back to Manila Saturday to announce a "commitment" from the governments of Japan and the United States and from the IMF and WB of $800 million in official credits as soon as the Philippine government would be able to finalize its figures on the extent of damage caused by the last earthquake. This was what Estanislao had sought before leaving for a borrowing mission the other week.

The National Economic and Development Authority (NEDA) had proviously estimated the damage at P [peso] 10 billion but Estanislao and Cuisia, in separate public statements, insisted they were still unaware of the actual extent of rehabilitation that had to be funded.

The finance secretary said he thought the Philippines would need about $500 million from the foreign creditors in addition to a selective moratorium on debt repayments on both principal and interests.

Cuisia and Estanislao said they would meet with the foreign creditor banks' advisory committee and "put our case before them." They did, but no figures on actual estimates on the damage brought about by the last earthquake came.

"You see," Estanislao said before the trip, "we do not go on the basis of expectations."

Up to now, no government agency has come out with what Cuisia and Estanislao had needed for debt relief talks.

Estanislao said the NEDA was not meeting until Sept. 15 to consider putting together a rehabilitation plan and specifying the projects that need foreign assistance.

He said the governments of Japan and the United States and the IMF and WB gave the assurance that there would be no problem putting up as $500 million assistance in connection with the last earthquake provided the Philippines submit a program of financing to them.

Rehabilitation Fund of P3.6 Billion Announced

HK1708045190 Manila THE MANILA CHRONICLE in English 17 Aug 90 p 8

[Text] President Aquino and her Cabinet approved the other night the release of P [peso] 3.6 billion for the rehabilitation of areas damaged by the July 16 earthquake, a Malacanang official said.

Presidential Coordinating Secretary Jose De Jesus said the Cabinet approved the release of P2.94 billion to rebuild schoolhouses and hospitals in six provinces worst hit by the quake in the North.

The Cabinet also approved the release of P673.33 million "seed money" for emergency repairs, construction of makeshift schoolrooms, temporary shelters and detour bridges.

One of the detour bridges, a timber trestle bridge in Rosales, Pangasinan will be opened today by President Aquino.

The one-lane bridge, according to De Jesus, will partially reshore the flow of North-bound traffic passing the Villasis-Rosales route.

De Jesus, who heads the presidential Task Force on Reconstruction, also announced the opening today of the Agoo-Baguio Road pilot road today, and the resumption of traffic along the highway on Aug. 29.

Meanwhile, the United States on Thursday donated $20 million to the Philippine government to help repair roads, bridges and schools damaged by a powerful earthquake last month, the embassy said.

"I am happy to be able to be here today to sign this agreement with (Public Works Secretary Fiorello)

Estuar, which will make $20 million available immediately for crucial earthquake reconstruction activities," U.S. Ambassador Nicholas Platt said in a signing ceremony for the grant.

Platt said some 250 primary schools destroyed or damaged by the earthquake would be among the beneficiaries of the fund.

In a statement, the embassy said the assistance would be taken from the regional development fund of the U.S. Agency for International Development.

11% Increase in Capital Withdrawals Reported

HK1308100190 Manila THE MANILA CHRONICLE in English 13 Aug 90 p 12

[By Joel Gaborni]

[Text] Capital withdrawal due to business dissolutions during the past four years under President Aquino has exceeded levels recorded during the last four years under the late president Marcos.

Data gathered from the Securities and Exchange Commission (SEC) showed that from 1986 to 1989, a total of P2.9 billion in capital was withdrawn after 581 corporations decided to close shop. The amount was 10.6% more than the P2.63 billion worth of capital withdrawn from 1982 to 1985, the SEC data showed.

The total amount withdrawn under the Aquino administration reached P3.07 billion after another 43 firms with P168.22 million in paid-up capitalization disbanded operations during the first six months of this year. The SEC data, however, had no comparable four years and a half total under the former administration, but nonetheless the corporate closure picture marred what could have been a rosy overall image of record-breaking capital build-up that the country enjoyed under the present government.

The 581 affected firms from 1986 to 1989, however, was lower than the 741 corporations that folded up from 1982 to 1985. But still the high corporate closure rate from 1982 to 1985 was expected because of the then prevailing economic slump. In contrast, the first four years under Mrs Aquino was supposed to be the country's peak in economic performance.

The affected corporations, whether under the Marcos or the Aquino administration, decided to close shop primarily because of either losses or lack of interest. But SEC officials said that the high capital withdrawal under the Aquino administration could also be attributed to mergers.

The SEC officials explained that the SEC statistics lumped under the heading of "dissolutions" the firms—and consequently their capital—that have been absorbed through mergers by other firms.

The SEC officials, however, could not say how much of the "dissolved capital" came as a result of mergers. But it will be recalled that top SEC officials under Marcos likewise cited mergers and consolidations as a reason for the high capital withdrawal in 1985. That year, the SEC recorded P1.74-billion worth of capital dissolutions, which represented a 387.2% jump compared to 1984's P357.1 million capital withdrawal.

Based on the SEC data, dissolutions under the present government affected an average P725.95 million withdrawn capital between from 1986 to 1989, a figure that is higher than the P657.5 billion average capital withdrawn from 1982 to 1985.

But despite such high average, the pattern of dissolution under Mrs Aquino's rule followed a decelerating one. The SEC data showed that while dissolutions effected a P1.32 billion capital withdrawal in 1987 (as against P468.8 million in 1986), the amount went down to P993.97 million in 1988, then to P579.9 million in 1989.

The pattern from 1982 to 1985 saw ups and downs with a P1.74 billion peak in 1985. The previous year withdrawn capital amounted to only P357.1 million, but in 1983 it was higher at P493.2 million. But the lowest in the eight-year period came under Marcos' term at P42.3 million, which was recorded in 1982.

Thailand

Hundreds of Thais Flee Kuwait; More Expected

BK1708082890 Bangkok Domestic Service in Thai 0530 GMT 17 Aug 90

[Excerpt] The Thai Information Office in Riyadh reported this morning that the total number of Thais fleeing Kuwait through the Kuwaiti (al-Laghi) border checkpoint has now reached 594. This includes four to seven women and a 16 month-old baby.

A group of officials from the Thai Embassy in Riyadh have already arrived and met the migrants at the checkpoint. They will have to work on visas for the migrants so that they will be granted permission to cross the border. It is expected that all 564 [as heard] will be allowed to leave the checkpoint today. They will then go to Dhahran to return to Thailand by plane.

The Thai migrants have gradually fled Kuwait through this checkpoint since 14 August. More than 200 Thai migrants arrived at the checkpoint on the morning of 16 August. But more Thais are expected to flee via that checkpoint because the military officials there are not strict. [passage omitted]

Official Says Saudis To Raise Oil Production

BK1708023190 Bangkok THE NATION in English 17 Aug 90 p 1

[Text] Saudi Arabia has to sell more crude oil to Thailand to offset a possible shortfall in Thai oil imports

resulting from the crisis in the Gulf, a senior official of the Thai Foreign Ministry said yesterday.

Kopsak Chutikun, an ambassador at large accompanying Deputy Foreign Minister Praphat Limpaphan on a visit here, told THE NATION in a long-distance phone call that Saudi Arabia was prepared to significantly increase its oil production and to persuade other OPEC members to do so. Kopsak said the Saudi offer was made to Praphat during a meeting with his Saudi counterpart, Shaykh al-Mansuri at the Foreign Ministry here on Wednesday. He said Praphat happened to be one of the first foreign government leaders to visit Saudi Arabia following the Iraqi invasion of Kuwait. "The Saudis really appreciate that," Kopsak said.

Thailand currently imports 31,912 barrels of crude oil daily from Saudi Arabia, accounting for 16 percent of its oil imports.

"Minister Praphat was told that Saudi Arabia is ready to respond to Thailand's need for more oil," Kopsak said. He quoted Saudi authorities as saying that they can increase the country's current oil production capacity of 5.3 million barrels daily to 12.5 million barrels in matter of months.

He said the Saudis also intend to persuade Venezuela and Iran, both members of OPEC, to up their production capacity to offset the 4.5 million barrels of oil shortfall caused by the Iraqi invasion of Kuwait and subsequent blockade in the Gulf. Kopsak said the prices of Saudi oil sold to Thailand might go up slightly but would stabilize once production increases. Praphat, who flew in from Dubayy on Tuesday, yesterday also visited Thai workers at camps here.

Kopsak said there are around 150,000 Thais working in Saudi Arabia and they have been assured of their safety by Saudi authorities despite a threat of Iraqi invasion.

"Saudi Arabia is a vast country. Thai workers have been assured that fighting from the side of Kuwait border will not affect them," Kopsak said.

Twenty-eight Thai workers who fled Kuwait to Saudi Arabia arrived in Bangkok on Tuesday and another group returned safely yesterday.

Oil Crunch To Signal End of 'Good Times'

BK1708024190 Bangkok THE NATION in English 17 Aug 90 p 12

[Editorial: "Oil Crunch Lies Ahead"]

[Text] Prime Minister Chatchai Chunhawan may be busy with domestic political problems stemming from the sacking of Santi Chaiwirattana on Wednesday. He might have shown some concern over the fate of Thai workers in the Middle East which has become a tinder box. He might be preoccupied with other problems, large and small.

But it's time for the premier to wake up to the fact that the country will inevitably face higher oil prices in the very near future brought on by the adventure of Iraq's Saddam Husayn. Regardless of how the crisis is solved by the United States, its allies, and the international community, the situation involving oil supplies and prices will never be the same again.

So far, Chatchai has repeatedly assured the public that there are no immediate problems threatening the country. That may be true in part, because our dependence on energy imports is not as high as in the 1970s or early 1980s, thanks to the increase in local production of natural gas and crude oil.

He should know more than anyone else that current domestic supplies are not enough. We must secure guaranteed supplies from other sources, either from other countries or within Thailand so that the country's economy will not be severely crippled by a sudden surge of oil prices.

He must know the days are gone when oil prices ranged between US$15 and US$18 per barrel; that getting supplies from China at friendship prices is probably impossible; and that we cannot rely too much on Malaysia and Indonesia—the two major ASEAN petroleum producers—because they will also be affected by the economic impacts of rising crude prices.

Saudi Arabia already notified US oil companies it would cut their September deliveries by 15 to 20 per cent in a reallocation of its exports. Saudi Arabia is the largest foreign supplier of crude to the United States, accounting for about 19 percent of US imports, and the move could especially affect prices when the current US glut of crude supplies is wiped out.

The September contract for West Texas Intermediate crude, the US benchmark grade of crude, ended Wednesday at US$26.46 a barrel on the New York Mercantile Exchange, up 4 cents from Tuesday's close at 26.42.

The unmistakable message here is that Thailand will eventually have to absorb higher oil prices. The prime minister must level with the public that good times are coming to an end. The decision to float oil prices while actual implementation remains months away is not sufficient. His leadership must be translated into a long-term vision for finding energy supplies to maintain the momentum of economic growth toward Thailand becoming a newly industrialized country.

Rising prices may make the situation attractive enough for the country to start commercial production of natural gas in the Gulf of Thailand, particularly in the concession previously held by Texas Pacific. There may also be sufficient incentives for large-scale off-shore exploration and development if the government tries to attract investors through sweetened terms and conditions.

His 'No problem' catch phrase does not sell anymore.

Bombing in Narathiwat Disrupts Rail Service

BK1608155790 Bangkok Domestic Service in Thai 1200 GMT 16 Aug 90

[Text] The Southern Border Provinces Administration Center has reported that a number of terrorists planted explosives on a railroad track at Ban Salo, Ruso District, Narathiwat Province at 0520 [15 Aug 2220 GMT] this morning. When authorities arrived at the spot they discovered the body of a man who was killed by the explosion. The authorities found on the body 11 letters demanding protection fees signed by Abuyabang, a member of the Pattani United Liberation Organization. Because of the damage to the railroad track caused by the explosion, all trains have stopped this morning. Later on, officials of the State Railway of Thailand sent people to repair the railroad track quickly so that railway traffic can be returned to normal.

Because of this incident, the Southern Border Provinces Administration Center asks people to help look after public utilities. If anyone knows any information, please contact officials before the incident takes place in order to prevent the loss of public property and difficulties for the people.

Japanese Delegation Meets Deputy Prime Minister

BK1608162790 Bangkok Domestic Service in Thai 1200 GMT 15 Aug 90

[Text] At 1130 at Government House, visiting Japanese parliamentarians (Takashi Keisichi and Kenichiro Sato) paid a courtesy call on Deputy Prime Minister Chuan Likphai. The Japanese parliamentarians said that as members of a Japanese environmental commission they wanted to forge cooperation among parliamentarians in Asian countries to tackle environmental problems existing in the countries in the region which have achieved marked economic development and progress, particularly Thailand, which has enjoyed considerable economic growth and suffered environmental problems as a consequence. Japan has suffered from the same problem.

The deputy prime minister supported the idea of cooperation against environmental problems. He said the Thai Government is aware of the need to solve environmental problems, as evidenced in the national economic and social development plans. In the current plan, the government has pushed for solutions to environmental problems by trying to contain them and learn from the Japanese solutions. The deputy prime minister said a problem is that the people do not quite understand that remedial measures require large sums of money. The government is trying to educate the people on this matter.

Article Discusses Chatchai's Cambodia Policy

BK1608024590 Bangkok BANGKOK POST in English 16 Aug 90 p 6

[Article by Phichai Chunsuksawat, Nattaya Chetchotirot, and Suphaphon Kanwirayothin under the rubric "Chatchai—the Second Year" entitled: "Prime Minister's Indochina Policy"]

[Text] Whether one views the results as positive or negative, efforts to pursue Prime Minister Chatchai Chunhawan's "battlefield to marketplace" strategy—the major foreign policy concern this past year—has certainly kept the decade-old Cambodian conflict alive in the international arena.

For General Chatchai's policy advisers, who played a key role in maintaining momentum in peace efforts, this past year has been marked with a number of key achievements—the Tokyo accord, the inclusion of Japan in the diplomatic process and the sudden policy decision of the United States not to support the Cambodian resistance in the United Nations and its decision to start talks with Vietnam and Phnom Penh.

For countries like China, a number of ASEAN partners, certain Foreign Ministry officials and the Cambodian resistance, Tokyo was a disaster while the US decision to start talks with Vietnam would only encourage Hanoi and Phnom Penh to play out the waiting game in the hope that Washington will eventually resume trade and economic aid.

Once again the Cambodian resistance will meet in Beijing next week to discuss strategy for their upcoming meeting in Jakarta with representatives of the Phnom Penh regime—a meeting which aims to pick up the pieces of the Tokyo talks.

Before the Jakarta meeting, the United Nations Security Council is scheduled to meet this month and present how it sees the Cambodian conflict should be resolved through five papers—the monitoring of military withdrawal, the formation of the supreme national council [SNC], the interim administration, election and the reconstruction of Cambodia.

In a nutshell, considerable work lies ahead before peace is finally a reality.

Adviser Kraisak Chunhawan notes that as far as Thailand is concerned, the country's better ties with its Indochinese neighbours have increased trade even though total figures are not high when compared to statistics with other regions and countries. According to Customs Department statistics, overall Thai-Indochina trade rose to just under eight billion baht last year, compared to just over four billion baht in 1988. Trade with Laos has increased from nearly two billion baht in 1988 to just over three billion baht last year. Trade with Vietnam increased from several hundred million in 1988 to about 1.7 billion baht last year. As far as Cambodia is concerned, trade was virtually zero in 1988 but reached

about 90 million baht last year. Trade with Burma also increased from about 1.7 billion baht to about 2.5 billion baht.

"Actual trading has increased simply because of the non-war situation resulting from the approach of speaking to all sides," Mr Kraisak said, and added that there were now more Thai firms venturing into Indochina, particularly in construction and engineering.

But aside from the trade aspect, Mr Kraisak said the Chatchai initiative has resulted in "incremental gains" which he described as a "conceptual breakthrough" which points out that "there are various ways of looking at the situation (the Cambodian conflict) apart from the security and defence perspective.

"We organised the Hun Sen-Sihanouk meeting in Bangkok and there was a signing of a joint communique saying there should be a Supreme National body and a ceasefire." Then each faction signed a document with (former Army chief) Gen Chawalit Yongchaiyut agreeing to these two elements, which was supposed to have been signed once again in Tokyo. But the Khmer Rouge refused to join the Tokyo talks saying that the document they had signed in Bangkok was different to that which was signed between Prince Norodom Sihanouk and Phnom Penh Prime Minister Hun Sen.

The Tokyo accord, signed by the "two delegations" of the prince and Mr Hun Sen, linked the formation of the Supreme National Council with a ceasefire. Although the United States backed the Tokyo accord, China opposed it because of the "two delegation" concept and the exclusion of the Khmer Rouge.

The Cambodian resistance was critical of the efforts of the advisers, Japan and the United States, to link the formation of the SNC and the ceasefire, preventing the Khmer Rouge to ink a common document for the first time since 1979.

But Mr Kraisak said that if anything, the Tokyo meeting "showed the world what the Khmer Rouge is like and what it is like to deal with them. By hook or by crook this is the result of Tokyo. If you want to go back to the four factions concept again, well, you can try. But I don't think Hun Sen will agree to this," Mr Kraisak said. "And if Phnom Penh agrees, it will be with conditions."

Most ASEAN members, however, viewed Tokyo as a disaster, maintaining that on the ground the Khmer Rouge are a reality which must remain part of any sensible settlement. In the view of Indonesia and Singapore, Tokyo simply resurrected the "bipartite formula" of Vietnam at the Paris International Conference on Cambodia.

Mr Kraisak said that even though the advisers were criticised for their efforts, the fact remained that "now they are playing the ball which we threw to them. Everyone is playing this ball"—namely the SNC, an issue which was discussed by the UN Security Council and which will be a key issue again in Jakarta.

With growing international abhorrence for the Khmer Rouge which is likely to have an impact on the Cambodian resistance seat in the UN, and spurred by the recent US policy switch, ASEAN itself has agreed that the SNC needs to be formed as soon as possible to avoid a diplomatic showdown in the UN over the seat.

While the US was motivated by its own internal reasons for its policy switch, the advisers say they had an impact on the change in the American position, which they praised as a positive step forward allowing US to play a more flexible role in convincing Vietnam and Phnom Penh to agree to a resolution.

Thailand's efforts and success in persuading Japan to become involved in the diplomatic process is also one achievement, Mr Kraisak said.

Some diplomats agree that the advisers had an impact on the US policy decision, but think the US decision will have a negative impact on the whole peace process. A number of diplomats say that Vietnam and Phnom Penh will only be encouraged by the US move and will adopt a waiting game that could lead to increased trade and economic aid.

Analysts add that as a result of Tokyo and the US policy shift, Thailand is placed in a difficult position vis-a-vis China, the main backer of the Khmer Rouge.

Mr Kraisak said, however, that recent efforts have shown that the Cambodian resistance must adopt a more unified position, and that the Khmer Rouge must be more flexible or face isolation from the international community. He admitted that the recent efforts may have had an impact on China, but in a sense this was positive in that China will be made more aware of the sentiments of the global community and not view things as having influence through military means.

The recent meeting between the advisers and Phnom Peng's Vice Foreign Minister Sok An and Chinese Premier Li Peng's meeting with Prime Minister Chatchai appear to indicate renewed flexibility that could be encouraging for impending deliberations by the UN's permanent five members and the Jakarta talks between the four factions.

China has apparently agreed to two papers of the UN "Perm Five" dealing with the monitoring of military withdrawal from Cambodia and the formation of the SNC comprising prominent Cambodian personalities representing all shades of opinion. Minister Sok An, on the other hand, has agreed to UN monitoring, something which Phnom Penh was opposed to in the past.

Despite the year's efforts, the main unresolved question is Cambodian power-sharing—specifically, whether the SNC is to be made up of "two delegations" or the "four factions"—which needs to be tackled in Jakarta.

While Thailand, because of its strategic position, continues to play the "middle man" role, any breakthrough will still depend on main players like China, Vietnam, perhaps the United States and finally, the Cambodians themselves.

VOFA Views Upcoming Cambodian Peace Talks

BK1608114690 Bangkok Voice of Free Asia in English 1500 GMT 15 Aug 90

["Article" From the "Cambodian Diary Program": "The Next Round of Cambodian Talks Will Be Based on Outcome of the Big Five Talks"]

[Text] Chinese Prime Minister Li Peng left Bangkok for Beijing on Tuesday afternoon after talks with General Chatchai Chunhawan, Thailand's prime minister. The two leaders met for talks on the Cambodian crisis Monday evening, 13 August.

It should be (?marked) that before ending his Southeast Asian nations visit, of which Bangkok is the last destination, Prime Minister Li had made a significant move towards the Cambodian peace solution. Accordingly, Prime Minister Chatchai Chunhawan said that Thailand and China had reached an understanding in terms of the establishment of the supreme national council, or SNC. China and Thailand agreed that the SNC has to be made up of all four Khmer factions with Prince Norodom Sihanouk as chairman. And, the two agreed that the possible next four Khmer meeting, now arranged by Indonesia, should base the discussion on the framework of the conclusion of the five permanent members of the United Nations Security Council, which stressed the need of the comprehensive peace solution and the enhanced United Nations role in Cambodia. Monday's agreement between Chinese and Thai leaders represented a sign of flexibility toward the international consensus on Cambodian conflict.

Since the permanent five meeting in New York on 25 to 26 May this year, the five had issued the five essential points. They are firstly, ensuring verification of withdrawal of foreign forces and an end to outside military assistance, a durable ceasefire, regrouping of armed forces into cantonments all under the control of an effective United Nations peacekeeping operation; secondly, formally establishing a supreme national council or interim ruling body; thirdly, ensuring free and fair election for a constituent assembly under the United Nations auspices; fourthly, enshrining the fundamental human rights and freedom which the Cambodian people must enjoy together with the necessary protections and guarantees; fifthly, providing a system of guarantees for the independence, integrity, inviolability, neutrality, and national unity of Cambodia.

The latest permanent five conclusion from 16 to 17 July mentioned by the two leaders is stressed on the two key elements and a solution based on an enhanced UN role. They are transitional arrangements regarding the administration of Cambodia during the pre-election period and military arrangement. The five made clear their belief that the time was past due for the Cambodian parties to turn from the battlefield to the negotiating table in order to play a part in bringing about a comprehensive political settlement. Hence, the five called on the Cambodian parties to agree to the establishment at an early date as an integral part of a comprehensive political settlement.

(?The) supreme national council composes of representative individuals with authority among the Cambodia people to help create the conditions for such a meeting. At present the conclusion by the five has been stressed on the vital comprehensive peace settlement and the early establishment of the supreme national council, which is proposed to compose of all [words indistinct].

Prime Minister Chatchai expressed this week that the sooner the SNC is formed, the easier it is to secure the seat at the United Nations Assembly. However, Air Chief Marshal Sitthi Sawetsila, the foreign minister, said that the formation of the SNC before the United Nations General Assembly convenes next month still remains a major problem. One of the causes of the concern is that Vietnam constantly insisted that the Vietnam-backed regime of Hun Sen is in power and will not let the power go into the hands of the United Nations pending an election. Besides, Mr. Hun Sen firmly stressed that the SNC should be formed on the principle of the two Cambodian government, not all Khmer factions.

It is certain that the SNC formula will be intensely discussed at the pending four Khmer meeting in Jakarta. Success or failure will be more likely up to Vietnam and Mr. Hun Sen, whether they will extend more flexibility on the enhanced UN role and the new SNC formula proposed by the permanent five that SNC would compose of all individual representatives among the Cambodian people.

Besides the next Jakarta meeting among the four Khmer factions, the further step toward Cambodia resolution much depend on the five permanent members of the United Nations Security Council, which (?sixth) round is due in New York on 27 and 28 August. The coming permanent five meeting is expected to accelerate the work in the remaining three areas—free and fair elections, safeguarding of human rights, and international guarantees which were identified in New York meeting as the central aspects of a comprehensive political peace settlement.

'Transitional Authority' in Cambodia Examined

BK1508024190 Bangkok THE NATION in English 15 Aug 90 p 8

["Analysis" by Kawi Chongkitthawon: "Hope on the Horizon for Cambodian Peace"]

[Text] In the next few weeks leading to the forthcoming United Nations General Assembly [UNGA], may bring some hope that the four warring factions might cross one of the biggest hurdles—the formation of a transitional

authority—that has made the Cambodian peace so elusive for the past 11 years. [sentence as published]

New factors and circumstances over the past week have given rise to such an outlook. Among the non-Cambodian parties, there are positive movements: the encouraging results of the first US-Vietnam talks on Cambodia; ASEAN's and China's support of the peace process worked out by the five permanent members of the United Nations Security Council, which will hold its sixth meeting on August 24-28. In addition, Indonesia is ready to call for a new round of peace talks among the four Cambodian factions.

Among the Cambodian factions, leaders of the UN-recognised resistance coalition government will meet in Beijing next week to forge a common view on the establishment and composition of the planned supreme national council, which will serve as interim authority as the United Nations organizes a general election. Vietnam-backed Phnom Penh has also geared up on its position with discussions between Prime Minister Hun Sen and Vietnamese Foreign Minister Nguyen Co Thach as well as between Phnom Penh Vice Foreign Minister Sok An and Thai officials here last week.

It is clear at present that the Cambodian factions as well as concerned countries agree on the permanent five's proposal to establish as early as possible the council that will comprise individual or prominent personalities of all shades of opinions who are acceptable to each other.

A senior Thai foreign ministry official, who monitors the Cambodian problem, said all Cambodian parties now know each other's bottom line. The Cambodian resistance, particularly the non-communist resistance groups, have backed the permanent five's peace process. It is not yet clear, however, to what extent the Khmer Rouge would support the five's approach although it has said that it would attend a four faction meeting on the composition of the council within the framework of the Paris conference.

That explained why Foreign Minister Sitthi Sawetsila had to urge his Chinese counterpart, Qian Qichen, during the Tuesday meeting to convince the Khmer Rouge to fully support the five's papers, according to the official. In the fifth meeting, the five agreed on two main issues: the council will lead to a free and fair election and a military arrangement during the ceasefire period.

When Sok An held discussions with two of the PM [prime minister] advisers, Pansak Winyarat and Kraisak Chunhawan last week, Phnom Penh reacted positively to the five's papers on the council's formation as well as the peace process on Cambodia. Sok An said these proposals should be further explored in future meetings in working toward that objective.

According to Suwit Yotmani, the government spokesman, Chinese Prime Minister Li Peng expressed interest in Phnom Penh's positive reactions and also agreed that the issue should be further discussed. It was the first constructive comment by China towards the Vietnam-backed Phnom Penh government, which Beijing has sought to discredit since 1978.

Albeit all the Cambodian groups lend common support to the five's plan, one difference remains over the nature of the first council's meeting.

For the time being, Phnom Penh's bottom line still rests with the Tokyo accord, which was agreed to by Prince Norodom Sihanouk and Prime Minister Hun Sen last June. The agreement calls for a voluntary ceasefire among the Cambodian parties on the first day of the council's meeting. To Phnom Penh, the council was already agreed upon in Tokyo, which is to be made up of six representatives each from the resistance groups and the Phnom Penh government. The meeting failed to take place because the Khmer Rouge boycotted the meeting.

Last week, Sok An reiterated Phnom Penh's adherence to the Tokyo accord as far as the council's composition was concerned.

As things now stand, the Indonesian role will be crucial. For one thing, the resistance groups see the upcoming talks as inter-Cambodian talks but Phnom Penh treats it as the first council meeting. Indonesian Foreign Minister Ali Alatas, who is hosting a new round of talks among the four factions, has to work out this itchy nuance to ensure a smooth outcome to fulfill the five's call.

Sok An told THE NATION that the non-communist resistance groups—the Sihanoukist National Army and the Khmer People's National Liberation Front—should go ahead with the first council meeting following the Tokyo agreement. The Khmer Rouge, if the communist guerrillas want to join, can fill in two seats later. It is not clear at present whether the non-communist resistance groups would continue to abide by the Tokyo accord.

Thai officials expressed the hope that when the resistance leaders meet in Beijing, they would be able to define who will be the so-called "representatives, individuals of authority among Cambodian people." In a recent interview, Sihanouk said he would not change his policy of keeping open two seats on the council for the Khmer Rouge. The non-communist resistance and Phnom Penh have already named their representatives to participate in the planned 12-member council, which will enshrine the sovereignty of Cambodia.

Peripherally, it seems that Phnom Penh's position does not contain any new element because these positions are virtually taken from what were agreed on at the Tokyo meeting. But the Thai foreign ministry officials as well as PM's advisers believe that Phnom Penh has left some room for further dialogue on the council's setup.

While Phnom Penh insisted on the Tokyo modality, it leaves open the five's proposal on the council. But a resistance source said it is difficult to have the first council meeting without a prior agreement on the new composition of the council's representatives. "The

Khmer Rouge will not join the meeting without such an agreement," said a non-communist resistance official. Some Thai officials have already expressed fear that the failure to formulate the council will be used to justify the continued support of the UN seat held by the resistance groups. The ASEAN foreign ministers suggested that without an acceptable council to take up the UN seat, the status quo should remain. Western countries including the US however, have said they would vote against the resistance at the new UNGA.

Thai officials are confident that Indonesia will be able to weave the interests of all Cambodian factions into a common approach—the so-called single negotiation text—in an effort to set up the council. They said there is an understanding among the Cambodian groups that the upcoming meeting in Jakarta will focus on the five's proposal.

Sihanouk has informed Thai officials that he will attend the upcoming meeting in Jakarta. To ensure success, it is possible that there would be several preparatory meetings among the Cambodians with Indonesia as an interlocutor.

Only after the council is in place, will Jakarta and Paris, as co-chairmen of the Paris conference, reactivate their ad hoc committee to study the role and function of the council and the enhanced UN role. This will be followed by the resumption of the plenary session of the Paris conference.

Official Reports 'Banditry' at Cambodian Border

BK0508155190 Bangkok Domestic Service in Thai 1200 GMT 4 Aug 90

[Recorded statement by Lieutenant General Narudon Detpradiyut, director of the Supreme Command Information Office; place and date not given]

[Text] In the areas under jurisdiction of the Burapha and Suranari field forces [in Chanthaburi and Trat Provinces], there have been reports of clashes between authorities and arms smugglers. Authorities also uncovered caches of explosives and ammunition near the border. As a result of clashes, a number of smugglers were killed or arrested. Authorities seized a large amount of combat weapons and ammunition.

On certain occasions, armed Cambodian guerrillas crossed the border into Thailand and plundered border villagers. This demonstrates that Cambodian soldiers are stricken by scarce supplies and starvation. Military authorities have mapped out a plan to deal with this problem urgently. They have been working with the Interior Ministry in order to prevent further incidents. The Suranari and Burapha forces have instructed units at the border areas to take drastic action to suppress gangs of armed robbers. It is believed that the problem of banditry will be solved soon.

Arrest of Deputy Interior Minister Approved

BK1608022190 Bangkok THE NATION in English 16 Aug 90 pp 1, 2

[Text] Deputy Interior Minister Santi Chaiwirattana was fired yesterday by Prime Minister Chatchai Chunhawan, while the Social Action Party [SAP] changed its charter to ensure the expulsion of the Chaiyaphum MP [member of parliament] from its fold. It will take about a month for the Interior Ministry to approve the amendment to the party's regulations before the party can effectively dismiss Santi.

The announcement on Santi's removal from the Cabinet was broadcast over Radio Thailand soon before 1 pm while the premier stayed at his Ratchakhru residence apparently to avoid publicity.

The premier had breakfast with Army Commander-in-Chief Gen [General] Suchinda Khraprayun, Air Force chief ACM [Air Chief Marshal] Kaset Rotchananin and Police Director General Pol Gen [Police General] Sawaeng Thirasawat and stayed at his house throughout yesterday.

No reason was mentioned in the announcement for the removal of Santi, who has come under pressure from all sides for allegedly taking bribes in exchange for amending ministerial regulations to benefit liquified petroleum gas (LPG) station operators.

SAP secretary general Montri Phongpanit said that the premier's order was "a little bit late." The announcement should have been made earlier, said Montri, who added that party leader Sitthi Sawetsila had formally asked the premier to fire Santi. "I guess the delay was caused by political or technical problems—I'm not sure which," Montri said, reflecting a growing suspicion within SAP that the Chat Thai Party had not been sincere about helping SAP overcome the credibility crisis caused by Santi.

Former SAP leader M.R. Khukrit Pramot, meanwhile, commented that it was probable that Chat Thai may remove SAP from the coalition because of its declining popularity. "In politics there are no permanent friends or foes. Don't take it for granted that the premier will be grateful to SAP. If he kicks out SAP in a Cabinet reshuffle, I won't blame him because he has good political reasons," he said.

In another blow to Santi, Interior Ministry Permanent Secretary Anan Anantakun yesterday approved a request by the Police Department to arrest Santi on charges of corruption. First, police will call Santi to a meeting to inform him of the charges against him and interview him on the issue. If Santi at this point refuses to turn himself in, police will issue a warrant for his arrest.

SAP executives yesterday discussed the scandal for four hours before proceeding with a joint meeting with its MPs which resolved to amend the party charter to facilitate the move to dismiss Santi.

The present regulations stipulate that an MP can be expelled after he appears before the party MPs and executives but Santi failed to show up yesterday.

Forty eight MPs and executives were present at yesterday's meeting and voted unanimously for the amendment. The attendance exceeded the minimum vote of 45 required by the party regulations for expulsion of a party MP.

Deputy leader Phong Sarasin, whom Santi claims is his mentor, was absent because he was on an overseas mission. Three followers of Santi—Khamsung Phrapakonkaeorat, Prasit Chaiwirattana and Wutthi Kraisanguanwongchai, all Chaiyaphum MPs—showed up at the party headquarters but refused to attend the meeting. They said they were not sure how they would react to Santi's dismissal.

The other SAP Chaiyaphum MP, Buakrom ThiraKanlyanaphan, said he would not quit the party despite Santi's expulsion.

Party spokesman Prasop Butsarakham told reporters that the party could sack Santi immediately after the Interior Ministry has approved the change to its regulations. Pending approval, the party will stick to the present regulations in its attempts to oust Santi by inviting the former deputy interior minister to a meeting, Prasop said. "But it is certain now that he'll be dismissed," the spokesman said.

The party meeting also assigned Prasop, Prayuth Siriphanich (Maha Sarakham) and Niyom Kamhaeng (Nakhon Si Thammarat) to form a team to study legal action that could be taken against Santi for his accusation that the party had assigned its ministers to make huge financial contributions by any means to its coffers.

The team will consult with lawyers on the possibility of filing a libel lawsuit against the former deputy interior minister. All the party MPs mentioned by Santi in this context were also instructed to bring the case to the attention of the courts, Prasop said.

Prasop dismissed an accusation by the Opposition that the party had made Santi a scapegoat to ensure its political survival. "He destroyed himself," Prasop said.

Defense Ministry Asks for Special Funding

BK1708070990 Bangkok BANGKOK POST in English 17 Aug 90 p 2

[Text] The Defence Ministry has asked the Government for a special budget of about 1,000 million baht or two per cent of the annual budget for use in a research project aimed at boosting the capability of the armed forces.

Prime Minister Chatchai Chunhawan, also defence minister, was informed of the request by Permanent Secretary for Defence Wanchai Ruangtrakun during a meeting on the ministry's research and development of arms and equipment yesterday.

Gen Wanchai said if the request is approved, the ministry would be more self-reliant.

In previous years, the ministry was given only 35-40 million baht or 0.07 per cent of its budget, resulting in delay of various development projects, Gen Wanchai said.

Gen Chatchai agreed that the project is vital and would help lessen the country's need to buy arms and ammunition from abroad.

Police Arrest Two Nigerians on Drug Charges

BK0808023390 Bangkok THE NATION in English 8 Aug 90 p 4

[Excerpt] Police yesterday arrested two Nigerians on drug charges and seized about five kilogrammes of heroin during a raid at a guest house in the Pratunam area.

Acting on a tip off, immigration police raided the Nuri Guest House and arrested Fehtum Ifeany Iokeke, 37, and Ike Chrih Noubuimi, 31, after finding heroin in their rooms. Police found 940 grammes of heroin in three plastic bags in Iokeke's room and discovered another 4,100 grammes rolled into 226 packets bound with adhesive tape in Noubuimi's room. The two men, charged with attempting to smuggle heroin out of the country, were later sent to the Crime Suppression Division for questioning. [passage omitted]

270 Villages Reportedly Stop Growing Opium

BK1308041190 Bangkok BANGKOK POST in English 13 Aug 90 p 17

[Text] A royalty-backed programme to wean nomadic hilltribes away from growing opium has turned into a profitable multi-million-baht business for impoverished tribes people.

His Majesty the King's Royal Crop Substitution Project sold cold-weather herbs, vegetables and fruit worth 48 million baht to Thailand's leading hotels last year, according to the project's director, Prince Phisadet Ratchani. In addition, it exported canned products worth 80 million baht.

The prince, who is personal aide to His Majesty, said the hotels used to import vegetables and herbs from temperate zones, but the project's success in growing them in the highlands and delivering fresh products superior to imports changed the market in favour of the hilltribes. Their products are free of chemicals and insecticide, according to the prince.

Success was achieved with help from Oriental Hotel executive chef Norbert Kostner, who is an expert in growing and using vegetables from cold-climate regions.

The United Nations Development Project provided 12 million baht in aid to build pre-cooling storage and

cooling vans, which enabled products to be delivered to customers in better condition than imports.

Thailand is the biggest producer of cold-climate agricultural products in the region, according to the prince. There are at least 150 types of herbs and vegetables grown by the hilltribes, ranging from thyme, sage, white celery, yellow and red peppers to rhubarb, fennel and green broccoli.

The next stage is to export them to Singapore and Hong Kong.

The Royal project deducts 20 percent from sale proceeds for expenses. All the rest goes directly to the hilltribes. The King's project started about 20 years ago when there were no roads in the areas involved, the prince said. Today there are television, even a supermarket, albeit small, in the mountain villages.

"You can be sure that in all 270 villages in the four provinces covered by the Royal Project, opium production has stopped. The tribal people have pledged to the King that they will not grow and sell opium any more," the prince said.

2,203,277 Tons of Rice Said Exported Jan-Aug

BK1108111390 Bangkok Domestic Service in Thai 0530 GMT 11 Aug 90

[Text] The Foreign Trade Department reported that from 1 January to 5 August this year, Thailand exported a total of 2,203,277 tonnes of rice. From this, a total of 141,924 tonnes were exported by the Thai Government and 2,061,353 tonnes by the private sector.

In addition to this, a combined total of 695,110 tonnes of Thai rice has been contracted for the rest of the year: 256,300 tonnes in August; 54,250 tonnes in September; 48,260 tonnes in October; and 336,300 tonnes for November to December.

Meanwhile, from 30 July to 3 August, the private sector has reported a sale of approximately 95,085 tonnes.

Rice Mills Close Due to Slow Exports, Insects

BK1208035890 Bangkok BANGKOK POST in English 12 Aug 90 p 2

[By Prasong Charatdamrong]

[Text] Hundreds of rice mills have stopped operations owing to financial losses or bankruptcy because of slow exports and extensive damage to the second rice crop caused by a plague of brown hoppers, according to Rice Mill Owners Association president Dr Suk Phukkhayaphon. Describing the situation as "a crisis" Dr Suk urged the Government to implement urgent measures to salvage the situation.

"While rice mill owners face bankruptcy, farmers have become short of funds to begin their annual rice crop," Dr Suk told the BANGKOK POST, adding the association has already reported the situation to the Government. He said about 360 of the 600 association members are seriously affected. There are about 1,000 rice mills throughout the country.

Apart from damage to the second crop, Dr Suk said the rice mills are facing financial problems because of slow exports this year. Since many farmers are unable to start their second rice crop because of the rampant hopper plague, rice mills are directly affected. Half of the three million-rai [one rai equals about half an acre] second rice crop was damaged by hoppers in the 19 central plains provinces. Provinces most affected by the hoppers are Pathum Thani, Ayutthaya, Saraburi, Sing Buri and Lop Buri, he said.

Many farmers in these provinces are reluctant to start planting for the annual rice crop because they lack funds to buy hopper-resistant seeds.

The Agriculture Ministry has said the hoppers have damaged about 3,000 million baht worth of crops, or about one million tons of paddy. Thailand's annual production is about 16 million tons.

Dr Suk, after inspecting farmland near Bangkok, said output per rai of paddy in Pathum Thani was reduced to only about 30 tang [one tang equals 20 liters] from an average of 80 tang because of the hoppers. In certain areas of Pathum Thani, Ayutthaya and Lop Buri no crops can be planted because of hopper damage.

Dr Suk said prior to the effects of the plague, rice mill operators faced hardships as a result of slow exports. Only two million tons of Thai rice has been exported so far this year compared to 3.5 million tons in the same period last year. Reduced exports have affected paddy prices.

"Rice mills don't have enough supplies to work and those with huge stocks are suffering losses. Some of the mills have been taken over by the banks while others are struggling to survive," he said, adding there are about 600 rice mills in the association.

Paddy prices have come to a standstill since February and, since then, the business has remained inactive. In July last year prices were 4,200 baht to 4,300 baht per ton compared to the present price of about 4,000 baht per ton. Dr Suk said last year's season started early with prices rising from about 4,000 baht per ton to about 4,300 baht per ton by June. Prices then shot up to more than 5,000 baht per ton in the last quarter.

Believing prices will rise further, the mills, exporters and traders kept huge stocks. But slow exports this year caused prices to drop.

Chakchai Ongkhosit, the owner of the Khuang Heng rice mill in Yasothon Province, said that apart from rice mills in the central plains, mills in the Northeast are suffering. Mr Chakchai said active exports boosted

paddy prices in Yasothon to 5,400 baht a ton in 1988-1989 compared to 4,700 baht and 5,000 baht per ton in the 1987-1988 season.

The maximum price gained in Yasothon this year was 4,150 baht a ton, recorded in February. Yasothon produces about 400,000 tons of paddy from the first crop and about 40,000 tons in the second crop.

Another rice mill operator, Kinam Setthawiphathanachai of Surin said he believes that half of the country's national rice production—totalling about 17 million tons—is still in the country. Mr Kinam said for instance that about 270,000 tons of paddy—or half of Surin's total yearly output—is still in the hands of farmers who are waiting for better prices. "We have already suffered losses. The problem is we know that paddy prices will not go up," said Mr Chakchai.

Government Proposes Textile Agreement With U.S.

BK1708021390 Bangkok BANGKOK POST in English 17 Aug 90 pp 17, 28

[By Kawin Kittibun]

[Text] Thailand has proposed a new and comprehensive textile agreement to the United States in what is seen as a significant move to strike a deal with Washington over the controversial aggregate quota issue.

Highlight of the proposal is the introduction of the "E System" for exports of the non-specific limit (NSL) garment items to the US.

The scheme calls for free exports of NSL items without them being subject to any quota controls.

Thai Garment Manufacturers Association [TGMA] president Wirot Amatakunchai told BUSINESS POST that the latest proposal was submitted yesterday (Bangkok time) during the first of the three-day meetings in Washington between Foreign Trade Department [FTD] Director-General Oranut Osathanon and her American counterparts.

Describing the proposal as the most comprehensive and jointly designed by FTD and the association, Mr Wirot said it is basically divided into two major areas for specific limit (SL) and non-specific limit items, in accordance with the country's garment exports to the US.

Exports of SL items are controlled by quotas, while NSL items are free from such constraints.

He said the new Thai proposal would last for only one and a half years to coincide with the expiration of the Multi-Fibre Arrangements [MFA] scheduled for July 1, 1991.

Mr Wirot said the crux of the issue lies with the NSL which was the most controversial topic during the past negotiations, all of which had ended in deadlock, thus disabling both countries to agree on the new textile agreement in place of the previous three-year-old one which expired in 1988.

TGMA's president said Thailand proposed that the "E System" be adopted for Thai shipments of NSL items to the US, meaning that all Thai garment exports under NSL items to the US would not be subject to any aggregate quota control as under the previous agreement.

Another advantage of this proposal is that it includes the "export authorisation mechanism," whereby Thailand could still continue its exports while pending the outcome of negotiations with the US on any NSL items for which the latter asks Thailand for talks to limit their export quotas on the grounds that the export volumes have damaged its domestic industry.

Mr Wirot said that the system, however, has certain drawbacks for Thailand as the contry would have to report its garment exports under NSL items to the US on a weekly basis.

This would allow the US to be "alerted" at all times of Thai garment shipments and it would know right away which items have been shipped too much and are causing damage to its domestic industry.

The association's president said only three US trading partners, Taiwan, South Korea and Hong Kong, are now enjoying the privileges from the "E System".

With the exception of Mexico and Pakistan, textile exports from the rest of the world, including Thailand, to the US are subject to cap controls on top of individual quota limits under the SL items.

Thailand and the US have held several rounds of talks since before the end of 1988 to strike a textile deal, but all the attempts have failed on the grounds that the Thai side has refused to yield to the US proposal to maintain cap limits on top of the individual quota limits in the new bilateral textile agreement as it would curtail the growth of the country's textile industry.

To date, Thailand is now controlling its own export quotas to the US in line with the annual six percent growth allowed under MFA.

In the meantime, Thailand has been asked by Washington to hold talks to limit export quotas for several items which it considered were causing damage to its industry.

As for SL items, Mr Wirot said most of the contents remain unchanged, with the Thai side proposing six percent annual growth for each category in accordance with the textile agreement under the Multi-Fibre Arrangements.

Also proposed are for Thailand to swing as much as seven percent export quotas within the SL category itself, and permission for carry-over and carry-forward of textile quotas similar to the previous deal.

"This is the best and most comprehensive proposal that Thailand could come up with and is hopeful that it would be well accepted by the American counterpart," Mr Wirot said.

The US is, by far, the single largest market for Thai garments, with last year's purchases totalling 18,000 million baht, or equivalent to 30 percent of the country's garment export value worth 60,000 million baht.

SL items currently account for 60 percent of total shipments to the US, while the rest constitutes NSL category.

Commercial Bank Releases Figures on Budget

BK0808025790 Bangkok THE NATION in English 8 Aug 90 p 16

[Text] The Thai government posted a budget surplus of Bt [Baht] 68.98 billion in the first nine months of the current fiscal year, up sharply when compared with Bt46.63 billion in the same period last year. After accounting for a Bt19.62 billion loan repayment, which is yet to be fulfilled, the surplus amounted to Bt49.36 billion, according to a report by Siam Commercial Bank.

The government generated revenue of Bt279.98 billion in the nine-months ending June, a 25 per cent increase over the corresponding year-earlier period. Expenditure, meantime, totalled Bt211 billion, up 19 per cent. Cash reserves at the end of June rose to Bt91.19 billion.

The report said the country's rapid economic growth was the major factor contributing to the sharp rise in government revenue.

The Excise and Customs departments collected revenue of Bt129.49 billion and Bt66.07 billion, up 38.7 per cent and 26.4 per cent, respectively. However, the Excise Tax department collected Bt54.608 million in revenue, a rise of 3.4 per cent.

For the full fiscal year, the government has projected revenue of Bt374.1 billion and expenditure of Bt300.5 billion, both rising 21 per cent.

Vietnam

Western Military Presence in Gulf Criticized

BK1708094790 Hanoi Domestic Service in Vietnamese 1000 GMT 16 Aug 90

[From the "Press Review" program]

[Text] NHAN DAN today carries a commentary entitled "A Gunpowder Tank in the Persian Gulf." The commentary says: While the United States and many other Western nations have demanded that Iraq withdraw its troops from Kuwait, they have continued to mobilize more military forces to the Persian Gulf. U.S. Senate Armed Services Committee Chairman Sam Nunn said recently that a naval blockade against Iraq is inevitable unless this country begins to withdraw its troops from Kuwait.

The situation in the Persian Gulf may become very tense in the next few days. A wide segment of world public opinion are hoping that the gunpowder tank will be removed from the Gulf and believe that this can be only achieved through negotiations between the parties concerned for the sake of peace and stability in this important region.

Army Paper Praises U.S. Meeting on Cambodia

BK1608165590 Hanoi Domestic Service in Vietnamese 1000 GMT 12 Aug 90

[Text] In its column "The World Last Week," QUAN DOI NHAN DAN on 12 August highlighted the Vietnam-U.S. talks on the Cambodia issue.

It was reported that the first official meeting between Vietnam and the United States on the Cambodia issue, which took place on 6 August at the office of the Vietnamese permanent representation at the United Nations, had drawn keen public attention. According to Ambassador Trinh Xuan Lang, the meeting, which proceeded in a serious, constructive, and cooperative atmosphere, helped improve mutual understanding between Vietnam and the United States in the questions raised for discussion. The two sides agreed to continue the dialogue.

Tien Giang Province Awarded Cambodian Order

BK1508155790 Hanoi VNA in English 1505 GMT 15 Aug 90

[Text] Hanoi VNA August 15—The Mekong River Delta Province of Tien Giang has been awarded the 'National Defense' Order of the State of Cambodia.

The conferment was made on August 14 in the provincial town of My Tho by Koh Heng, head of the visiting Cambodian province of Pursat delegation to Tien Giang.

On this occasion, 55 cadres and experts of Tien Giang Province were presented with distinctions of the State of Cambodia in recognition of their contributions to Cambodia's national construction and defense over the past decade.

Hanoi Meeting Marks Indonesian National Day

BK1608165190 Hanoi VNA in English 1514 GMT 16 Aug 90

[Text] Hanoi VNA August 16—A meeting took place here tonight in celebration of the 45th National Day of the Republic of Indonesia under the joint sponsorship of the Vietnam Union of Peace, Friendship and Solidarity Organisations and the Vietnam-Indonesia Friendship Association (VIFA).

Present at the meeting were General Vo Nguyen Giap, vice chairman of the Council of Ministers; Le Sinh Tang, vice president of the VIFA; Trinh Ngoc Thai, vice president of the sponsor union; and representatives of central and local offices and mass organizations.

Indonesian Ambassador to Vietnam Aswimarmo and other members of his staff attended the meeting.

After the opening speech by General Vo Nguyen Giap, Le Sinh Tang addressed the meeting. He said: "The founding of the Republic of Indonesia was a major event in Southeast Asia 45 years ago. It has encouraged the struggle for national liberation in Asia and elsewhere in the world."

After highlighting considerable achievements recorded by the Indonesian people over the past four and a half decades, Le Sinh Tang highly valued Indonesia's contribution to consolidating the Nonaligned Movement and developing the friendly relations between nations, particularly its active role in the search for a peaceful solution to the Cambodia issue.

He expressed great joy at the fine development of the friendship and cooperation between Vietnam and Indonesia, considering it an important factor in the struggle for peace and stability in Southeast Asia. He expressed sincere thanks to the Indonesian Government and people for their fine feelings toward the Vietnamese Government and people. He said he wished the Indonesian people under the leadership of President Suharto ever greater successes in building a modern, prosperous and happy Indonesia.

In his reply, Ambassador Aswimarmo sincerely thanked the Vietnamese friendship organizations for organising the meeting, considering it a fine demonstration of the long-lasting friendship between the two countries.

After briefing the audience on the great achievements recorded by Indonesian people in all fields over the past 45 years, the ambassador said he greatly rejoiced at the constant development of the relations between Indonesia and Vietnam which, he noted, effectively contributes to making Southeast Asia a region of peace, stability, friendship and cooperation.

He affirmed that the Indonesian Government and people will do all they can do, together with Vietnam and other countries, [to] settle regional issues including a peaceful solution to the Cambodia conflict. He expressed the wish for the Vietnamese people's ever greater successes in national construction and development.

Leaders Greet President Suharto on National Day

BK1708021490 Hanoi VNA in English 1451 GMT 16 Aug 90

[Text] Hanoi VNA August 16—Vietnamese party and state leaders have sent a message of greetings to President Suharto on the 45th National Day of the Republic of Indonesia (August 17).

The message, jointly signed by President of the State Council Vo Chi Cong and Chairman of the Council of Ministers Do Muoi, says:

"We note with joy that over the past years under your leadership, the Indonesian people have obtained many achievements in making Indonesia a prosperous country. We highly value your country's positive contributions to the cause of peace, stability, friendship and cooperation in Southeast Asia. "May the friendship and multi-faceted cooperation between Vietnam and Indonesia further consolidation and development. [as received] "We wish you good health and the Indonesian people happiness and prosperity."

India Chamber of Commerce, Industry Set Up

BK1508155590 Hanoi VNA in English 1502 GMT 15 Aug 90

[Text] Hanoi VNA August 15—The Indo-Vietnamese Chamber of Commerce and Industry made its first public appearance in Bombay, India, on August 2.

Speaking on this occasion, M. Menezes, chairman of the Indo-Vietnamese Chamber of Commerce and Industry, described the founding of the chamber as a contribution to the expansion of the economic and trade cooperation between state and private companies of India and trade and economic establishments of Vietnam.

For his part, Vu Xuan Ang, Vietnamese Ambassador to India and honorary chairman of the chamber, said the founding of the chamber was a new development of the fine friendship between Vietnam and India.

Also on August 2, Vu Xuan Ang had a meeting with representatives of Indian companies and enterprises in Bombay and the Industrial Center of Pune on the possibilities of trade and production cooperation between India and Vietnam.

Conference of SRV Workers in CSFR Reported

BK1508155990 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Aug 90

[Text] A round-table conference on the issue of Vietnamese workers in Czechoslovakia was held in Prague on 9 August. Attending the conference were representatives from the Czechoslovak Prime Minister's Office, the Ministry of Labor and Social Welfare, the Economic and Demographic Studies Institutes, enterprises that hired Vietnamese workers, and many newsmen from the mass media.

Those who attended the conference highly commended the Vietnamese workers for their skills and enthusiasm. Many representatives said that the Vietnamese workers have contributed remarkably to the production and accumulation of goods at various Czechoslovak enterprises.

On the negative side, some representatives raised the unfavorable conditions faced by Vietnamese workers which include low wage-scales and no social insurance, thus being vulnerable to looting by bad elements. Other representatives, however, criticized recruitment of Vietnamese workers as not being conducted carefully, while Czechoslovak customs regulations are rigid and not consistent with the situation. Moreover, it is difficult to organize the repatriation of workers who have completed their contracts. A representative of a private airline company said that from now until the end of this year only 3,500 Vietnamese workers can be repatriated while about 4,000 will complete their work by the year's end.

The conference proposed 10 resolutions on Vietnamese workers which include the following: Efforts should be made to create favorable conditions for Vietnamese workers to buy goods and send them to Vietnam; Vietnamese workers should receive social allowances similar to Czechoslovak citizens; income tax levied on Vietnamese workers should be divided into two categories, namely single workers and married workers; workers who completed their contracts but want to continue working in Czechoslovakia may sign new contracts with enterprises; unemployed workers—due to unexpected events—should be provided with allowances and favorable conditions to find a new job; those who want to work in a third country should be supported by Czechoslovakia and Vietnam; and the mass media should present news in a straightforward manner and in the spirit of respect for human rights and for the interests of both countries.

CPV Discusses Economic Situation, Party Line

BK1708103890 Hong Kong AFP in English 0959 GMT 17 Aug 90

[By Jean-Claude Chapon]

[Text] Hanoi, Aug 17 (AFP)—The Central Committee of the Vietnamese Communist Party [CPV] is currently meeting here to discuss the country's economic situation and the future political line of the party, diplomats said Friday.

Sources close to the Vietnamese leadership said the main point on the agenda was the political platform the party will adopt at its next congress, tentatively scheduled for sometime between April and June, 1991.

Officials here have repeatedly condemned the current liberalization in Eastern Europe—with which Hanoi has always had close political and economic ties—and vowed to maintain a socialist system in Vietnam.

"If the leadership is unanimous in wanting to maintain the socialist line," an informed Vietnamese source said, "exactly how this will be carried out will be the subject of serious debate, and there will be many disagreements."

"Hardliners and liberals have always clashed on this issue," he said, "and there have already been nine separate proposals for political platforms over the past few weeks."

The program to be adopted at the seventh congress will define the political options open to the country in the five years until the next congress, the source said. The economy, which is undergoing a difficult period due to a rise in inflation and the reforms that shook Vietnam's Eastern Bloc allies, is also a major point of debate, diplomatic sources said.

"Central Committee members should also study the very difficult economic situation," a Vietnamese political source added, "and look at possible urgent solutions.

"We managed to curb inflation last year," he said, "but it has taken off again."

He said the country was suffering serious shortages in raw materials—thus far supplied by Eastern Bloc countries—for its industry.

Vietnam never announces the dates of major Communist Party meetings, but some officials had indicated recently that a Central Committee meeting was "imminent." The meeting began Thursday, diplomats said.

The Central Committee should meet two more times—possibly once in December and again early next year—to fix details of the political program before the party congress, Vietnamese officials said.

Lai Chau Implements Plan To Counter 'Sabotage'

BK1608140790 Hanoi Domestic Service in Vietnamese 1100 GMT 13 Aug 90

[Text] Public security forces in Lai Chau Province have implemented a plan to counter enemy sabotage activities along the border and to foil the attempts of some people to proclaim themselves kings in certain highland regions. To date, 25 ringleaders have been arrested and more than 400 bad elements have been brought before the masses for criticism and warning.

Many public security cadres and combatants have overcome difficulties and conducted propaganda work in their hamlets and villages to help the people see through the enemy's cruel schemes against socialism and his attempts to sow division between different ethnic groups.

The public security service of Lai Chau Province has launched a month of revolutionary action from 2 August to 2 September to solicit public suggestions on how to build pure and strong people's public security forces and combat corruption and authoritarianism.

Song Be Province Removes 204 Party Members

BK1708102790 Hanoi Domestic Service in Vietnamese 1100 GMT 15 Aug 90

[Text] Song Be Province has so far monitored some 3,000 [figure as heard] party members—or 25 percent of the total party members in the provincial party organization—to see if they observed party statute.

Over 22,000 party members were reported to have satisfactorily done so. Their conducts were good and they have won the trust of the masses for having upheld their vanguard and exemplary role.

Due to old age and poor health, and also because of economic difficulties, 286 who are still qualified party members, were reported to have rarely participated in party activities. Their revolutionary zeal has waned. Among the 500 party members found to have committed irregularities, 383 have been disciplined and 204 have been removed from the party.

Resolution on Promulgating, Implementing Tax Laws

BK1708071790 Hanoi Domestic Service in Vietnamese 1100 GMT 14 Aug 90

["Text" of SRV Council of State Resolution on Promulgating and Implemenating the Turnover Tax Law, the Special Consumption Tax Law, and the Income Tax Law; date not given]

[Text] The SRV Council of State, by virtue of Article 100 of the SRV Constitution and Article 34 of the Law on Organization of the National Assembly and Council of State; by virtue of the Resolution of the Seventh Session of the Eighth National Assembly on Promulating and Implementing the Turnover Tax Law, the Special Consumption Tax Law, and the Income Tax Law; and at the recommendation of the Council of Ministers, hereby resolves that:

1. The Turnover Tax Law, the Special Consumption Tax Law, and the Income Tax Law shall be promulgated in the second decade of August 1990;
2. The Turnover Tax Law, the Special Consumption Tax Law, and the Income Tax Law shall take effect as of 1 October 1990.

Dong Sy Nguyen Presents Ho Chi Minh Order

BK1708104590 Hanoi Domestic Service in Vietnamese 2300 GMT 14 Aug 90

[Text] The Vietnam General Corporation of Posts and Telecommunications held a grand ceremony in Hanoi on the morning of 14 August to mark the 45th anniversary of the postal service and to receive the Ho Chi Minh Order awarded by the Council of State.

Comrade Dong Sy Nguyen, member of the Political of the party Central Committee and vice chairman of the Council of Ministers, was on hand to present the order.

Over the past 45 years, the posts and telecommunications service has always ensured smooth communications and liaison, thereby contributing to the success of the cause of national liberation reunification, as well as the cause of national construction and defense at present. On behalf of the Council of Ministers, Comrade Dong Sy Nguyen praised the posts and telecommunications service for its efforts to build its material and technical bases, raise technical standards, satisfactorily manage and exploit the domestic post and telecommunications network, and maintain good communications with foreign countries. He also reminded the service to attach importance to building a contingent of good and highly skilled workers and to firmly maintain its position as a transnational economic and technical service.

Vo Nguyen Giap Sees Ho Chi Minh Photo Exhibit

BK1708025890 Hanoi Domestic Service in Vietnamese 0500 GMT 14 Aug 90

[Text] The Vietnam Association of Photographers recently coordinated with the Ho Chi Minh City Photographers Association in holding an exhibition of President Ho Chi Minh's photographs at No. 47 Trang Tien Street in Hanoi.

Inspecting the exhibition, General Vo Nguyen Giap highly valued the efforts of the brother and sister artists in retaining the beloved photographs of the Vietnamese people's great president, especially those works that reflect his images during the period of the August Revolution in 1945.

Article Analyzes Association for War Veterans

BK1708025790 Bangkok THE NATION in English 17 Aug 90 p 12

[Article by Kawi Chongkitthawon: "Keeping Alive Uncle Ho Spirit"]

[Text] For the three million veterans in Vietnam, their revolutionary zeal will never fade away.

The establishment of the Association of Vietnamese War Veterans in February this year was designed from the outset to serve as a solid symbol of their fighting spirit and achievement—the unification of the two Vietnams. The veterans consider their association a milestone in their country's history for it would help remind the people of their sacrifice over the past four decades.

The formation of this forum came after the much-publicized stories of the Resistance Club in Ho Chi Minh City run by a group of well-known generals who helped liberate South Vietnam. The club, which at one stage became very politicized and posed a challenge to central authority, has been criticised by the government. Their publications were banned.

"Long before the existence of this club, all the veterans had wanted to have this association to reminisce about past experiences and keep the fighting spirit alive," said Lt Gen [Lieutenant General] Le Hien Mai, 73, the association's vice chairman. He told THE NATION in an interview that the

proposal was submitted in December last year to the Council of Ministers and it was permitted to be registerd only in February. Within a few months after it was formally established, several thousands of veterans have become members, Mai said. The association is currently financed by the government but the association hopes its members will be able to support future activities financially.

"The association will soon attract the veterans of all shades of thinking," said Phan Khac Hai, editor-in-chief of the Army's paper, QUAN DOI NHAN DAN. He believes that the association will represent the desire and hope of the veterans across the country in the future.

Some of them, the young editor said, are dissatisfied with the way the Vietnamese society is changing as well as the way they are being left behind as a consequence of the fast-changing circumstances within the country. He was referring to the new economic opportunities in a more open Vietnam.

Veterans receive monthly government pensions ranging from a few ten thousands dong to hundreds of thousands of dong. The current official exchange rate is 5,000 dong to a US dollar. Previously along with the pension they were also entitled to government subsidies for specific commodities such as meat, sugar, cooking oil, etc.

As a public service, Hai said the Monday and Thursday issues of the Army paper will devote a column to complaints and views of veterans on various issues. "Some of these opinions are very constructive and useful," the editor noted.

While Mai and leaders of the veterans association stressed the importance of this organization as the platform to uphold "Uncle Ho's soldier tradition," diplomats and analysts said the association will serve as a cushion against the disgruntled veterans who have lost out because of the newly implemented doi-moi or reconstruction policy over the past few years.

They also see the organization as the main countervailing force against unofficial clubs, most of them are loosely formed, that have sprung up throughout the country. "It (the association) would also try to counter the dissent among veterans such as in the South, where private clubs are burgeoing without the government's knowledge," said a Hanoi-based diplomat, adding that the government wants to show that it cares.

Persons involved in the setting up of the association were involved in the fight for freedom since the Viet Bac day—the day when the Vietnam People's Army was formed after a directive from the former President Ho Chi Minh. Mai was in the 44-member unit which later fuelled uprisings throughout the country.

In Hanoi alone there are at least 30,000 war invalids who would need extra care and financial support. Retired soldiers and generals receive about 30,000-50,000 dong a month as pension. The government recently stopped all subsidies to them after the increase in their pensions.

One of the priorities of the veterans association is to "preserve and develop the revolutionary traditions of the Vietnam People's Army and help educate the young generations of soldiers about the revolutionary tradition" Mai said. He said Vietnamese soldiers have to keep that spirit alive even in times of peace.

To introduce the association to veterans living in the countryside, the association has dispatched teams of delegates to the provinces to hold meetings with them. In the next few months, members would try to host a national congress of war veterans to draw up a clear mandate and its future role in a peaceful Vietnam.

For the time being, it hopes to establish links with foreign countries' veterans' organizations such as in the US, France and the Soviet Union.

Some war veteran organizations in the West have their own programmes to help Vietnam without going through this association. For instance, the Connecticut-based war veteran organization named Save the Children has begun the so-called "healing process" to save Vietnamese children by combatting hunger and poverty in Thanh Hoa province, considered Vietnam's poorest province. The programme will focus on teaching the people in Thanh Hoa how to boost their crops productivity through better irrigation and conservation.

In the past, veterans would get together on the eve of Army Day or on traditional days of individual regiments, divisions, arms and services, or set up clubs at the grassroots level.

Mai said as veterans, they have given moral support to their own comrades. "Some veterans are not happy because their pensions are small and it is hard to get it; sometimes they have to travel very far for their pensions," he said.

It will take sometime, Mai said, before the organization is able to support itself financially without using the government's money. "We want to be on our own to serve the veterans," he concluded.

Localities Urged To Prevent Grain Price Rises

BK1708075790 Hanoi Domestic Service in Vietnamese 2300 GMT 14 Aug 90

[Text] The chairman of the Council of Ministers recently sent a message to the people's committees of various provinces and cities and special zones directly subordinate to the central government, and all the ministries and sectors concerned, to remind them to carry out the following tasks:

To prevent grain prices from rising above the acceptable level, localities are not allowed to levy taxes and collect fees other than those imposed by state regulations on the state enterprises engaged in grain trading in the country. They may not set up checkpoints to hinder market activities and must ensure the normal circulation of grain destined for local consumption. They may not buy up rice for export above their quotas, nor are they allowed to export corn and

bran surplus across the border above their quotas. The Ministry of Agriculture and Food Industry should closely monitor the situation of those provinces that have large amounts of commercial corn and want to export it so as to grant them adequate export quotas or to entrust various grain corporations with the task of buying it to ensure the normal distribution of animal feed.

Council of Ministers' Decision on Export of Logs

BK1508103790 Hanoi Domestic Service in Vietnamese 2300 GMT 9 Aug 90

[Text] To clear a large volume of logs stranded at various ports—for instance, 81,000 cubic meters at Qui Nhon Port and 60,000 cubic meters at Saigon Port—to save the state property, and at the recommendation of the Ministry of Forestry, the Council of Ministers chairman issued Decision No. 2489 granting the Ministry of Forestry and the Ministry of Commerce the authority to export the stranded logs at ports in the second zone including a surplus volume of precious timber. Various carpentry establishments have been supplied with sufficient precious timber recently.

The decision said that clearance of the stranded logs must be completed before 30 September. The Council of Ministers charged the Ministry of Forestry with the task of coordinating with the Ministry of Commerce and people's committees in provinces and cities to improve the export of logs in accordance with the spirit of the Council of Ministers' Decision No. 34-HDBT dated 3 February 1990.

At the central level, efforts should be made to improve work at the export-import business and production general corporations nos. 1, 2 and 3. In provinces and cities, chairmen of people's committees must take responsibility for controlling the trading of logs to avoid illegal transactions which cause adverse effects to the market. Provinces that have no logs cannot engage in the log export business unless they have received permission from the Council of Ministers chairman. The Ministry of Forestry and people's committees in the provinces must urgently improve work at various timber processing establishments by installing new equipment and enhancing the workers' skills to gradually improve the quality of lumber and other wood products for export.

Australia

Leaders Decry Iraqi Call on U.S., UK Citizens

BK1708074490 Melbourne Overseas Service in English 0500 GMT 17 Aug 90

[Text] Australia has condemned order from Iraq for thousands of Americans and British citizens in Kuwait to assemble at two central hotels. The prime minister, Mr. Hawke, described the order as despicable while the foreign affairs minister, Senator Evans, said it was disturbing. Senator Evans said that they were ominous signs that the Iraqi order was a prelude to interning Westerners.

However, he said there were still no evidence that Australian citizens in Kuwait would be affected. A spokesman for the Foreign Affairs Department said earlier that the order might affect up to four people who are not Australian citizens but who were permanent residence of Australia.

Seismological Center Reports PRC Nuclear Test

BK1708044690 Hong Kong AFP in English 0435 GMT 17 Aug 90

[Text] Canberra, Aug 17 (AFP)—China is believed to have tested a nuclear bomb with a force of between 40 and 150 kilotonnes, the Australian Seismological Centre said Friday.

Seismologist Ken Muirhead said shock waves were detected at about 0500 GMT Thursday centered on Lop Nor, the Chinese nuclear test site about 2,240 kilometres (1,400 miles) west of Beijing.

Preliminary estimates put the strength of the blast at between 40 and 150 kilotonnes, Dr. Muirhead said. The Hagfors Military Seismic Observatory in Sweden said Thursday it had recorded a tremor that appeared to stem from an underground nuclear explosion in China. It also said the explosion came at 0500 GMT Thursday and indicated it came from a bomb of [figure indistinct] to 200 kilotons, if the explosion took place in rock.

One kilotonne is the explosive power of 1,000 tonnes of TNT. The bomb which devastated the Japanese city of Hiroshima in 1945 had a yield of 20 kilmtonnes. Dr. Muirhead said that China has carried out one other nuclear test this year, in late May. It conducted none in 1989, he said.

New Zealand

Cabinet To Decide 20 Aug on Kuwaiti Request

BK1708040890 Hong Kong AFP in English 0336 GMT 17 Aug 90

[By Michael Field]

[Text] Wellington, Aug 17 (AFP)—New Zealand was invited Friday to join military operations in the Middle East, but after racing off to most wars this century, the country is now full of pacifist self-doubt.

Prime Minister Geoffrey Palmer said the emir of Kuwait had asked New Zealand from his exile base in Saudi Arabia to take military or other steps necessary to enforce U.N. economic sanctions against Iraq. Mr. Palmer said the Cabinet would decide on a response Monday, and was not yet committing troops. He also criticized a lack of international coordination.

"It is urgent that the United Nations get its act together and try and get some machinery for coordination established, because it's pretty hard to judge at the moment how you can effectively contribute," Mr. Palmer said.

Backbench government MPs [members of Parliament] have reportedly warned Mr. Palmer that military involvement just before the October 27 general election would be unpopular. The issue came to the fore last week when Australia sent ships to the Gulf.

Mr. Palmer rejected accusations that New Zealand, by not being invited, had been snubbed by the United States, and added that this country did not have suitable military forces anyway. Opposition leader Jim Bolger claimed New Zealand was "incapable of mounting, in any order whatsoever, a military intervention of any consequence whatsoever." The debate marks a cultural and historical watershed.

New Zealand was born in war when British settlers struggled for control of Maori land between 1860 and 1870. In 1899, New Zealand enthusiastically sent 6,500 men to fight in the Anglo-Boer war in South Africa. World War I opened with New Zealand winning a race to get into action before Australia and a year later, at Gallipoli, troops of the two countries fought together to create the name and folklore of ANZAC, the Australia and New Zealand Army Corps.

When Adolf Hitler marched into Poland, New Zealand declared the opening of World War II a day earlier than Britain. It saw action in the Malaysian emergency, the Indonesian confrontation, Korea and Vietnam, and even volunteered a frigate during the Falklands war.

But under the Labour government, New Zealand has become decidedly pacifist.

It passed anti-nuclear legislation that effectively broke up the ANZUS (Australia, New Zealand, United States) Treaty. U.S. and British warships no longer call here. The role of the military has changed into one of peacekeeping and disaster relief. Foreign Minister Mike Moore said Tuesday that New Zealand had fought for places some people had never heard of.

"We have marched and flown and sailed further than anyone else when needed," he said. "That is the New Zealand tradition."

Letters to editors run hot. One, to the NEW ZEALAND HERALD, said New Zealand's proud image was being

shattered by a "gutless government," and added: "What right have New Zealanders got to hold their heads up high while other countries are fighting our battles for us?"

A retired naval captain lamented: "It appears our ships, equipment and servicemen are no longer good enough to be of use, even as a gesture of support and friendship." But a columnist in the WELLINGTON DOMINION wrote Friday that "giddy militarists" who want to teach Iraqi President Saddam Husayn a lesson for his August 2 invasion of Kuwait were accusing Mr. Palmer of welching.

"Embarrassed by such charges, its volition already weakened by fear of what the elections will do to it, the government could, for the sake of a gesture, foolishly commit New Zealand to a role it is not fitted to play," he wrote.

Canadian, Taiwan Fishing Boats Reported Seized

BK1308125690 Hong Kong AFP in English 1036 GMT 13 Aug 90

[Text] Auckland, New Zealand, Aug 13 (AFP)—Cook Islands police have seized one Taiwan and one Canadian registered fishing boat in an anti-poaching operation involving three countries, Police Minister Iniato Akaraurua said Monday.

In a telephone interview from the main island of Rarotonga, Mr. Akaraurua said the Canadian "Opal Bay," described as a large, modern mother ship, was receiving fish from the Taiwanese long-liner "Yu Te No. 1" when they were nabbed Friday. Mr. Akaraurua said a Royal New Zealand Air Force Orion P-3 maritime patrol plane spotted the ships last week, and crew from a Cooks patrol boat, the "Te Kukupa," and an Australian one, the "Whyalla," boarded them and remained on board as they were escorted to Rarotonga.

He said the "Opal Bay," under charter to a Taiwan firm, had 2,000 tonnes of fish aboard and the "Yu te No. 1" had 100 tonnes when seized 73 kilometres (46 miles) off Mauke Island.

Both boats are under armed guard off the Rarotonga port of Avarua as the government begins legal proceedings, he said.

Under the 1989 Cook Islands Marine Resource Act, the owner, charterer and master of a foreign fishing vessel found in breach of the act face a maximum fine of 500,000 New Zealand dollars (300,000 U.S) and confiscation of the vessels, which can then be sold back to the owners.

The Cooks, an internally self-governing state in free association with New Zealand, has been plagued by foreign fishing boats plundering its stocks of tuna.

"We are more than annoyed about the poaching," Mr. Akaraurua said. "Our stocks of fish are getting taken rapidly. The message to unlicensed fishing boats is that we nave now got fast patrol boats, and that they should stay away."

The "Te Kukupa" was a grant from the Australian Government, and the minister said it made "all the difference" in fighting poachers.

"People are very happy here now that we have taken action," he said.

Papua New Guinea

Officials: Indonesian Troops Kill 5 Near Border

BK1708041890 Hong Kong AFP in English 0404 GMT 17 Aug 90

[Text] Port Moresby, Aug 17 (AFP)—At least five people have been killed on Papua New Guinea's western border by Indonesian troops who also torched camps causing hundreds of refugees to flee, officials said.

The killings occurred last weekend during clashes between Indonesian troops and Free Papua Movement (OPM) fighters just inside Papua New Guinea, they said.

There was a fierce mortar and gun battle at Ok Bago on saturday, they said. The Indonesians burned the refugee camps—suspected havens for the OPM—and captured some rebels, they said. About 640 Irian Jaya refugees had fled their burnt camps and were squatting at the Yapsie government station, raising fears that Indonesian troops would attack the place, they said.

A senior military officer was quoted in the Army newspaper as saying that 11 OPM fighters, who were responsible for killing Javanese plantation workers at Arso over the past two years, had been captured.

The OPM (Operasi Papua Merdeka) has fought a sporadic guerilla campaign since Indonesia incorporated the former Dutch territory in 1962.

The officer said that the men were associated with rebel leader Mecky Salosa, who last month was captured by Papua New Guinea authorities and handed over to Jakarta.

Egbert Yalu, premier of the northern border province of west Sepik, said two of the five slain were a mother and child.

"The safety of our citizens is at stake and I want the government to act immediately and send policemen and soldiers to the border," he said. He dismissed Port Moresby's protest to Indonesia on Tuesday about the build-up of Jakarta's troops on the border.

"I am sick and tired of all these protests ... Protests mean nothing when our people's lives are in danger." Meanwhile, the National Broadcasting Commission here

reported that Jakarta had sought Papua New Guinea's assistance to counter the OPM on the 800 kilometre (500 mile) shared front.

Somare Protests Border Crossing by Indonesians

BK1708104990 Melbourne Overseas Service in English 0800 GMT 17 Aug 90

[From the program "International Report"]

[Text] There are more border tensions today between Papua New Guinea and Indonesia. Papua New Guinea is about to dispatch troops to the border area following clashes between the Indonesian military and the Irian Jayan rebel, the OPM [Free Papua Movement]—clashes which have occurred on the Papua New Guinea side of the border.

Port Moresby has protested to Jakarta about Indonesian troops crossing over into its territory, but the coming deployment of the Papua New Guinea soldiers would probably be aimed more at quietening down the OPM, rather than at confronting the Indonesians. Richard Palfreyman asked our Port Moresby correspondent, Sean Dorney, how many Papua New Guinea soldiers were being sent to the border and what their instructions were.

[Begin recording] [Dorney] As I understand it, Richard, there will be one company of soldiers, that is about 120 men. They will be deployed to Vanimo which is the forward base of the defense force on the northern coastline. The area where all this trouble has occurred is at (Yetsi) and that is several kilometers inland. Just how many soldiers will be sent down there, I cannot tell you at this stage. There is also to be a 30-men riot squad that should already be in Vanimo, but we found out this morning it [is] still in Wewak. That is farther away from the border. The combined patrol of these police and soldiers will head to (Yetsi), but as you said, I do not think they will [be] confronting the Indonesians. Their job will be to investigate the situation and to close down a border camp. A member of the United Nations Commission for Refugees may also go and try to determine who is a genuine refugee and who is not. Those who are not, will be told to get back to Indonesia.

[Palfreyman] That is quite a reaction. Papua New Guinea, of course, has lodged a diplomatic protest. What did it say in that protest note?

[Dorney] That protest was lodged by Sir Michael Somare. Some days ago, the Indonesian ambassador was called to the Foreign Ministry here and was handed a note. The note drew Indonesia's attention to the provisions of the Treaty of Mutual Respect and Cooperation between the two countries in which the sovereignty of both sides are supposed to be recognized. Mr Somare or Sir Michael Somare, sorry, said that not only were there Indonesians inside Papua New Guinea, but they had been resupplied by Indonesian helicopter.

[Palfreyman] So, Sean, how serious is this turn of events for relations between Port Moresby and Jakarta?

[Dorney] It is attempted to be played down here both officially in Port Moresby, and also by the Indonesian authorities. In fact, in Jakarta, there was statement put out, as I understand it, by the military saying they had arrested 11 OPM people in the action. Reports reaching here from the border say five people have died. The government here is really trying to [changes thought] as well as protesting to Indonesia about the border violation. It was going to great pains to point out that the real problem is the OPM and that if it can only get the OPM out of its territory, it will not have these border problems. [end recording]